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A	ALCOA INTERNATIONAL HOLDINGS CO	10Q	03-31-92
B	ALLIED SILVER LEAD CO	10Q	03-31-92
C	BEACON FINANCIAL INC	10Q	03-31-92
D	CENTURION MINES CORP	10Q	03-31-92
E	DAWN CAPITAL CORP	10Q	03-31-92
F	DELTA COMPUTEC INC	10Q	01-31-92
G	FIRST REPUBLIC CORP OF AMERICA	10Q	12-31-91
H	GENERAL DEVICES INC	10Q	03-31-92
I	HEALTHCARE SERVICES GROUP INC	10Q	03-31-92
J	INFORMATION INTERNATIONAL INC	10Q	01-31-92
K	INTERLINE RESOURCES CORP	10Q	03-31-92
L	INTERNATIONAL MERCANTILE CORP	10Q	03-31-92
M	INNOVO GROUP INC	10Q	04-30-92
N	HOLIDAY RV SUPERSTORES INC	10Q	01-31-92
O	RUDY'S RESTAURANT GROUP INC	10Q	12-22-91
P	MOTORS MECHANICAL REINSURANCE CO LTD	10Q	03-31-92
Q	RKS FINANCIAL GROUP INC	10Q	03-31-92
R	PANCHO'S MEXICAN BUFFET INC	10Q	03-31-92
S	RIDGEWOOD PROPERTIES INC	10Q	05-31-92
T	SIMMONS FIRST NATIONAL CORP	10Q	03-30-92
U	VEREX LABORATORIES INC	10Q	03-31-92
V	VERITEC INC	10Q	03-31-92
W	WASHINGTON COMMERCIAL BANCORP	10Q	03-31-92

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33-23092 ALCOA INTERNATIONAL HOLDINGS CO

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SECTIONS

Financial Statements 2
Notes to Financial Statements 5
Management's Discussion 8
Other Information 10
Signatures 11

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)
¢X! QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

¢ ! TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended March 31, 1992 Commission File Number 33-23092

ALCOA INTERNATIONAL HOLDINGS COMPANY

(Exact name of registrant as specified in its charter)

DELAWARE	25-1563111
(State of incorporation)	(I.R.S. Employer Identification No.)

5 Burlington Square, Fourth Floor, Burlington, Vermont 05402-1491

(Address of principal executive offices) (Zip Code)

Registrant's Telephone Number 802-658-2726

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes . X . . . No . . . .

As of May 14, 1992, 7,634,085 shares of common stock, par value $1.00, of the Registrant were outstanding.

PART I - FINANCIAL INFORMATION

AIMC and subsidiaries

Consolidated Balance Sheet (in millions, except share amounts)	(unaudited) March 31 1992	December 31 1991
ASSETS		
Current assets:		
Cash	$ 12.1	$ 13.4
Short-term investments, at cost which approximates market	337.7	358.6
Receivables from customers, less allowances: 1992 - $7.4; 1991 - $7.5 (a)	323.2	393.2
Inventories (b)	413.1	405.2
Restricted deposits	78.4	77.0
Prepaid expenses and other current assets	12.8	22.1
Total current assets	1,177.3	1,269.5
Properties, plants and equipment, at cost	2,471.4	2,400.7
Less, accumulated depreciation, depletion and amortization	899.2	872.0
Net properties, plants and equipment	1,572.2	1,528.7
Notes receivable - Aluminum Company of America (c)	745.5	716.2
Investments	153.2	137.4
Other assets and deferred charges	125.8	118.8
Total assets	$3,774.0	$3,770.6
LIABILITIES		
Current liabilities:		
Short-term borrowings (d)	$ 114.9	$ 113.6
Accounts payable, trade (a)	181.5	168.3
Accrued compensation and retirement costs	33.7	40.1
Taxes, including taxes on income	125.7	199.4
Future taxes on income	36.7	36.2
Other current liabilities	147.3	198.1
Long-term debt due within one year	80.0	80.4
Total current liabilities	719.8	836.1
Long-term debt, less amount due within one year	235.1	172.8
Noncurrent liabilities and deferred credits	94.9	86.7
Future taxes on income	336.2	350.3
Total liabilities	1,386.0	1,445.9
MINORITY INTERESTS	643.7	628.1
SHAREHOLDERS' EQUITY		
Preferred stock, $100 par value, 5,000,000 shares authorized; 2,500,000 shares issued and outstanding	250.0	250.0
Common stock, $1 par value, 10,000,000 shares authorized; 7,634,085 shares issued and outstanding	7.6	7.6
Additional capital	78.3	78.3
Translation adjustment	(116.6)	(123.6)
Retained earnings	1,525.0	1,484.3
Total shareholders' equity	1,744.3	1,696.6
Total liabilities and equity	$3,774.0	$3,770.6

(see accompanying notes)

AIHC and subsidiaries

Statements of Consolidated Income and Retained Earnings (unaudited)
(in millions)

	Three months ended March 31	
Statement of Consolidated Income	1992	1991
REVENUES		
Sales and operating revenues	$ 537.6	$ 667.4
Revenues from related parties	31.6	62.2
Other income, principally interest (a)	23.4	36.1
	592.6	765.7
COSTS AND EXPENSES		
Cost of goods sold and operating expenses (a)	433.0	539.0
Selling, general administrative and other expenses (a)	13.8	16.8
Provision for depreciation, depletion and amortization	26.5	26.7
Interest expense	6.2	8.8
	479.5	591.3
EARNINGS		
Income before taxes on income	113.1	174.4
Provision for taxes on income (e)	35.9	67.6
Income before other items	77.2	106.8
Equity earnings	(3.5)	6.3
Minority interests	(28.5)	(44.2)
NET INCOME	$ 45.2	$ 68.9
Statement of Consolidated Retained Earnings		
Retained earnings at beginning of year	$1,484.3	$1,270.4
Net income for period	45.2	68.9
	1,529.5	1,339.3
Less: Dividends to Alcoa	-	-
Preferred dividends	4.5	5.5
Retained earnings at end of period	$1,525.0	$1,333.8

(see accompanying notes)

AIHC and subsidiaries

Statement of Consolidated Cash Flows (unaudited)
(in millions)

	Three months ended March 31 1992	Three months ended March 31 1991
CASH FROM OPERATIONS		
Income before minority interests	$ 73.7	$113.1
Adjustments for noncash transactions:		
Depreciation, depletion and amortization	26.5	26.8
Increase (reduction) in future taxes on income	(13.7)	4.4
Equity earnings before additional taxes, net of dividends	3.3	(6.3)
Other	12.8	(2.7)
Decrease in receivables	93.1	79.9
(Increase) in inventories	(12.8)	(4.0)
Decrease in prepaid expenses and other current assets	11.3	5.0
(Decrease) in accounts payable and accrued expenses	(37.3)	(28.8)
(Decrease) in taxes, including taxes on income	(74.5)	(209.4)
Net change in noncurrent assets and liabilities	(33.9)	(3.5)
CASH FROM OPERATIONS	48.5	(25.5)
FINANCING ACTIVITIES		
Additions to minority interests	-	(80.0)
Dividends paid on preferred stock	(4.7)	(5.5)
Dividends paid to Alcoa	-	-
Dividends paid to minority interests	(22.1)	(38.0)
Additions to long-term debt	95.4	140.0
Payments on long-term debt	(32.5)	(30.0)
CASH PROVIDED FROM (USED FOR) FINANCING ACTIVITIES	36.1	(13.5)
INVESTING ACTIVITIES		
Capital expenditures	(57.9)	(41.3)
Loans by finance subsidiary to related parties	(31.6)	(.3)
Other - payments	(15.4)	(1.5)
Payments received on finance subsidiary loans	2.4	41.8
CASH (USED FOR) INVESTING ACTIVITIES	(102.5))	(1.3)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(4.3)	5.0
CHANGES IN CASH		
Net change in cash and short term investments	(22.2)	(35.3)
Cash and short term investments at beginning of year	372.0	435.0
CASH AND SHORT TERM INVESTMENTS AT END OF PERIOD	$349.8	$399.7

(see accompanying notes)

Notes to Consolidated Financial Statements
(in millions, except share amounts)

Notes:

(a) Alcoa International Holdings Company (AIHC) is controlled by Aluminum Company of America and its subsidiaries (Alcoa). AIHC's receivables from customers include amounts from Alcoa totaling $32.7 at March 31, 1992 and $36.2 at December 31, 1991. Trade accounts payable include amounts owed to Alcoa of $49.7 and $32.3 at the same respective dates.

Interest income from loans to Alcoa (see note (c)) follows.

	1992	1991
First quarter	$ 9.4	$11.5

The costs of products purchased from Alcoa by AIHC's selling companies follows. Terms for these transactions were established by negotiations between the parties.

	1992	1991
First quarter	$134.7	$147.4

(b) Inventories consisted of:

	March 31 1992	December 31 1991
Finished goods	$ 99.1	$106.4
Work in process	29.2	26.7
Bauxite and alumina	117.6	122.3
Purchased raw materials	106.0	87.5
Operating supplies	61.2	62.3
	$413.1	$405.2

(c) Alcoa International Finance Company, AIHC's finance subsidiary, has loaned $745.5 to Aluminum Company of America under notes detailed below. Since Alcoa controls AIHC and currently intends to continue renewing these notes, they have been classified as noncurrent.

Face amount	Maturity date	Interest rate
$100.0	March 31, 1993	5.13%
50.0	June 30, 1992	5.04%
50.0	September 30, 1992	5.07%
545.5	On Demand	5.02%*
$745.5		

*Effective annual rate as of March 31, 1992. Rate varies monthly based on market rates.

Notes to Consolidated Financial Statements
(in millions, except share amounts)

(d) Alcoa Nederland Finance B.V. (ANF), an Alcoa subsidiary, has loan commitments to a subsidiary of AIHC for 100 million Dutch guilders and 10 million Pounds Sterling. At March 31, 1992 ANF had loaned 70 million Dutch guilders at 9.9% and 5 million Pounds Sterling at 11.1%, or the equivalent of $46.5.

(e) The income tax provision for the period is based on the effective tax rate expected to be applicable for the full year. The difference between the 1992 estimated effective tax rate of 31.7% and the U.S. statutory rate of 34% is primarily due to taxes on foreign income.

In the opinion of the Company, the financial statements included in this Form 10-Q report include all adjustments necessary to fairly state the results for the periods presented. This Form 10-Q report should be read in conjunction with the company's annual report on Form 10-K for the year ended December 31, 1991.

The financial data required in this Form 10-Q by Rule 10-01 of Regulation S-X have been reviewed by Coopers & Lybrand, the company's independent certified public accountants, as described in their report on page 7.

Independent Auditor's Review Report

To the Shareholders and Board of Directors
Alcoa International Holdings Company (AIHC)

We have reviewed, in accordance with standards established by the American Institute of Certified Public Accountants, the unaudited consolidated balance sheet of AIHC and subsidiaries as of March 31, 1992 and the unaudited statements of consolidated income and retained earnings and consolidated cash flows for the three-month periods ended March 31, 1992 and 1991, which are included in AIHC's Form 10-Q for the period ended March 31, 1992. These financial statements are the responsibility of AIHC's management.

A review of interim financial information consists principally of obtaining an understanding of the system for the preparation of interim financial information, applying analytical review procedures to financial data, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet of AIHC and subsidiaries as of December 31, 1991, and the related statements of consolidated income and retained earnings, and cash flows for the year then ended (not presented herein). In our report dated January 15, 1992, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 1991 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

&&PIN COOPERS & LYBRAND
COOPERS & LYBRAND

Pittsburgh, Pennsylvania
April 13, 1992

Management's Discussion and Analysis of the

Results of Operations and Financial Condition
(in millions, except as noted)

Results of Operations

	First Quarter ended March 31 1992	1991
Sales and operating revenues by segment:		
Alumina	$229.5	$274.3
Aluminum	195.5	305.3
Sales and distribution	144.2	150.0
Total	$569.2	$729.6
Net Income	$ 45.2	$ 68.9

AIHC's 1992 first quarter earnings were $23.7 lower than those for the 1991 first qu The earnings decline was primarily due to lower prices for alumina, primary aluminum most fabricated products. Revenues from Alcoa of Australia's (AofA) gold mining operations were also down due to lower prices.

Alumina segment
Revenues from the Alumina segment decreased $44.8 from the 1991 quarter. Realized a prices were down 16% and shipments were down 3%. Revenues from alumina-based chemic fell 21% from the 1991 first quarter due to lower prices and shipments. Gold revenu declined 13%, and although shipments rose 20%, the increase was not enough to offset decline in prices.

Aluminum segment
Revenues from the Aluminum segment decreased 36% from the 1991 first quarter due to prices and shipments.

Primary aluminum revenues were down 52% while shipments decreased 38%. AofA's reali price for ingot declined 22% from the 1991 first quarter. Compared to the 1991 four quarter, AofA's average realized price was down 14%. The declines reflect the price erosion experienced during 1991 caused by the oversupply of aluminum on world market The uncertainty of aluminum exports by the former Soviet Union continues to exacerba aluminum supply/demand picture.

Revenues from the sale of rigid container sheet (RCS) by AofA were down 13% from the first quarter; shipments were down 6% and prices were down 7%.

Revenues from the varied aluminum consumer and specialty products from Alcoa Nederla Holding Company (ANH) decreased 11%, mainly because of lower prices. Shipments of t products were down 3%. There are signs of improvement in both the agricultural and construction markets that ANH serves.

Sales and Distribution Segment
Revenues from the Sales and Distribution segment, which sells alumina-based chemical aluminum products, decreased 4% from the year-ago quarter. The decrease was due mo to a reduction of alumina-based chemical sales because of the temporary shutdown of

First Quarter ended March 31 1992	1991
$229.5	$274.3
195.5	305.3
144.2	150.0
$569.2	$729.6
$ 45.2	$ 68.9

than those for the 1991 first quarter.
es for alumina, primary aluminum and
stralia's (AofA) gold mining

om the 1991 quarter. Realized alumina
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e down 7%.

alty products from Alcoa Nederland
of lower prices. Shipments of these
nt in both the agricultural and

ich sells alumina-based chemicals and
arter. The decrease was due mostly
se of the temporary shutdown of,

capacity at an Alcoa affiliate in Mexico, and reduced sales of aluminum products in Canada. Partially offsetting these were higher sales of aluminum can sheet in the East markets.

Costs of Goods Sold
Cost of goods sold was 76.1% of sales in the 1992 quarter. The 2.2 percentage poin increase from the comparable 1991 quarter reflects lower revenues resulting from pr declines.

Other Income and Expense Items
Other income decreased $12.7 from the 1991 first quarter. The decline was partiall to lower interest rates and lower levels of short-term investment by AofA. Lower i rates also resulted in less interest income from loans by Alcoa International Finan Company to Aluminum Company of America.

Selling, general administrative and other expenses decreased $3.0 from the comparab quarter, mostly because of higher benefit related costs in 1991, and the consolidat certain selling activities in 1992.

Interest expense was $2.6 lower than in the 1991 quarter because of lower average i rates and debt levels for AofA. Capitalized interest in the 1992 and 1991 first qu was $1.9 and $.7, respectively.

AIHC's estimated effective tax rate is a weighted average of the statutory rates in countries where AIHC operates, primarily Australia and the United States. The esti effective tax rate for 1992 is 31.7% compared to an actual rate of 35.6% for 1991. difference between these rates is mainly because of a change in Norwegian tax laws, statutory rate in Norway was reduced from 50.8% to 28%. The difference between the estimated effective rate and the U.S. statutory rate of 34% is primarily due to tax foreign income.

AIHC's only significant equity investment is a Norwegian smelting partnership, Elke Aluminium ANS (Elkem). Equity results were lower than those in the 1991 quarter be of lower translation and exchange gains due to Elkem's change to the Norwegian Kron the functional currency, as of January 1, 1992.

Liquidity and Capital Resources
Cash generated from operations during the 1992 first quarter was not sufficient to financing and investing activities. Cash from operations was adversely affected by tax payment by AofA for its 1991 tax liability. To cover cash requirements, cash a short-term investments were reduced by $22.2 from their year-end balances.

Dividends to preferred shareholders in the 1992 first quarter were $4.7 compared to in the 1991 quarter. Dividends paid by AofA in the 1992 quarter were $45.1 and inc $22.1 paid to its minority shareholders. In the comparable 1991 period, dividends $77.5, including $38 to minority shareholders.

Long-term debt increased $61.9 in the 1992 first quarter. At March 31, 1992, AIHC' as a percent of invested capital was 9%, compared to 6.9% at year-end 1991.

Investing activities consisted principally of capital expenditures of $57.9 and inc $33.8 to expand AofA's Wagerup alumina refinery. Other notable investing activitie included a net increase of $29.2 in loans to Aluminum Company of America; capital for KSL Alcoa Aluminum Company, Ltd. in Japan; and the purchase by AofA of 10.5% i in First National Resource Trust, which in turn is offering to purchase a portion State of Victoria's interest in the Portland smelter joint venture in Australia.

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arter. The 2.2 percentage point
ower revenues resulting from price

rter. The decline was partially due
rm investment by AofA. Lower interest
ns by Alcoa International Finance

ecreased $3.0 from the comparable 1991
sts in 1991, and the consolidation of

rter because of lower average interest
t in the 1992 and 1991 first quarter

erage of the statutory rates in the
nd the United States. The estimated
actual rate of 35.6% for 1991. The
a change in Norwegian tax laws, as the
8%. The difference between the 1992
of 34% is primarily due to taxes on

gian smelting partnership, Elkem
an those in the 1991 quarter because
's change to the Norwegian Kroner as

quarter was not sufficient to cover
tions was adversely affected by a $127
cover cash requirements, cash and
eir year-end balances.

t quarter were $4.7 compared to $5.5
1992 quarter were $45.1 and included
parable 1991 period, dividends were

rter. At March 31, 1992, AIHC's debt
6.9% at year-end 1991.

l expenditures of $57.9 and included
her notable investing activities
m Company of America; capital funding
he purchase by AofA of 10.5% interest
ffering to purchase a portion of the
joint venture in Australia.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

In the ordinary course of its business, AIHC is involved in a number of suits an claims, both actual and potential, including some which it has asserted against other Management believes that the outcome of such suits and claims will not have a materia effect on AIHC's operations or its consolidated financial position.

Item 6. Exhibits and Reports on Form 8-K.

(b) No reports on Form 8-K were filed by AIHC during the quarter covered by thi report.

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involved in a number of suits and
ich it has asserted against others.
nd claims will not have a material
ncial position.

during the quarter covered by this

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registra has duly caused this report to be signed on its behalf by the following authorized officers.

ALCOA INTERNATIONAL HOLDINGS COMPANY

May 14, 1992
Date

By JAN H. HOMMEN
Jan H. Hommen
Executive Vice President
(Principal Financial Officer
and Chief Accounting Officer)

Exchange Act of 1934, the Registrant
lf by the following authorized

TERNATIONAL HOLDINGS COMPANY

JAN H. HOMMEN
H. Hommen
cutive Vice President
incipal Financial Officer
Chief Accounting Officer)

EXHIBITS

Page

12. Computation of ratio of earnings to fixed charges 13

AIHC and subsidiaries

EXHIBIT 12

Computation of Ratio of Earnings to Fixed Charges and Preferred Stock Dividend Requirements For the three months ended March 31, 1992

(in millions, except ratio)

	1992
Earnings:	
Income before taxes on income and equity income	$113.1
Fixed charges added to net income	8.3
Proportionate share of income of 50%-owned persons	(3.5)
Amortization of capitalized interest	1.4
Total earnings	$119.3
Fixed Charges:	
Interest expense:	
Consolidated	$ 6.2
Proportionate share of 50%-owned persons	1.4
	7.6
Amount representative of the interest factor in rent:	
Consolidated	.7
Proportionate share of 50%-owned persons	-
	.7
Fixed charges added to net income	8.3
Interest capitalized:	
Consolidated	1.9
Proportionate share of 50%-owned persons	-
	1.9
Preferred stock dividend requirements	6.9
Total fixed charges	$ 17.1
Ratio	6.98

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended March 31, 1992 Commission File Number 1-7149

B92-2737

ALLIED SILVER-LEAD COMPANY
(Exact name of Registrant as specified in Charter)

Idaho	82-0277987
(State or other jurisdiction of incorporation or organization)	(IRS Employer identification number)

120 Earle Avenue, Mullan, Idaho 83846
(Address of principal executive office)

(208) 752-1154
(Registrant's telephone number, including area code)

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Indicate by check mark whether the registrant (1) has filed all documents and reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months or for such shorter period that the Registrant was required to file such reports, and (2) has been subject to such filing requirements for the past 90 days.

Yes __x__. No ______.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at August 16, 1991
Common stock, one cent par value	4,243,560

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FORM 10-Q

ALLIED SILVER-LEAD COMPANY

INDEX and REPORT

Part I. Financial Information:

Allied Silver-Lead Company is a mining company in the development stage and is not required to file Part I of Form 10-Q (Financial Information) under the terms of Rule 13(a)-13(b).

Part II. Other Information and Signatures:

The Company has reviewed the reporting requirements of Part II of Form 10-Q. No corporate or other activities have occurred which require a report.

No exhibits are attached.

PLEASE NOTE: ALLIED SILVER-LEAD COMPANY HAS BEEN REQUIRED BY THE SPOKANE STOCK EXCHANGE TO REQUEST AN EXEMPTION FROM THE REQUIREMENT OF FILING FORM 10-Q FOR THE CURRENT PERIOD.

THE COMPANY REQUESTS A WRITTEN STATEMENT OF SUCH EXEMPTION.

In requesting Allied Silver-Lead Company to seek said exemption, the Spokane Stock Exchange made reference to a request received by it from Cecilia Blye, of the Washington D. C. SEC staff, telephone number 202-272-2573. A copy of said notice from the Spokane Stock Exchange is attached hereto as Exhibit A.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ALLIED SILVER-LEAD COMPANY

Date: 5-15-92

By Marjorie P. Almquist
Title: President

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MAY 20 1992

C92-2239

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Quarterly Report Under Section 13 or 15 (d)
of the Securities Exchange Act of 1934

For Quarter March 31, 1992, Commission File Number 0-14189

BEACON FINANCIAL, INC.

(A Utah Corporation) (IRS Employer Identification No. 87-0402042)

(30

2 South Main Street
Pleasant Grove, Utah 84062
Telephone Number (801) 785-3541

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Indicate by check mark whether the registrant (1) has filed all rep required to be filed by section 13 or of the Securities Exchange Act of 1 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ______

Number of Shares Outstanding
Common Stock 4,543,893
As of May 1, 1992

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BEACON FINANCIAL, INC.

INDEX

PAGE NUMBER

PART I. Financial Information

Item 1. Financial Statements

Condensed Balance Sheets
March 31, 1992 and September 30, 1991 3

Condensed Statements of Income (Loss)
Six Months Ended March 31, 1992 and 1991............4

Changes in Cash Flow
Six Months Ended March 31, 1992 and 1991............5

Notes to Condensed Financial Statements............6

Item 2. Management's Discussion..........................8

Part II. Other Information
None

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

BEACON FINANCIAL, INC.

Condensed Balance Sheets

Assets

	March 31, 1992 (unaudited)	September 30, 1991
Current Assets		
Cash, time deposits, and receivables	$ 250,157	$ 255,123
Current portion of long-term receivables - Note 1	3,762	3,982
Total Current Assets	253,919	259,105
Long-Term Receivables, and Other Investments - Note 1	1,281,831	1,287,192
Property, Plant and Equipment		
Land, buildings, furniture and equipment, less accumulated depreciation	785,081	797,887
Total Assets	$ 2,320,831	$ 2,344,184

LIABILITIES AND STOCKHOLDER'S EQUITY

	March 31, 1992 (unaudited)	September 30, 1991
Current Liabilities		
Current portion of long-term debt Note 2	$ 4,762	$ 4,894
Accounts payable and accrued liabilities	8,924	13,860
Total Current Liabilities	13,686	18,754
Long-Term Debt - Note 2	41,519	44,362
Stockholder's Equity		
Common stock, no par value; authorized, 10,000,000 shares; issued and outstanding, 4,484,545 shares	4,508,031	4,508,031
Retained earnings (deficit)	(2,242,405)	(2,226,963)
	2,265,626	2,281,068
Total Liabilities and Stockholder's Equity	$ 2,320,831	$ 2,344,184

The accompanying notes are an integral part of these statements

BEACON FINANCIAL, INC.

Condensed Statements of Income (Loss)

(Unaudited)

	Three Months Ending March 31,		Six Months Ended March 31,	
	1992	1991	1992	1991
Income	$ 25,609	$ 17,049	$ 46,155	$ 42,067
Costs and Expenses applicable to income	14,067	13,991	27,889	28,363
General and Administrative expenses	17,140	11,951	34,853	23,608
Total	31,207	25,942	62,742	51,971
Income (loss) before other items	(5,598)	(8,893)	(16,587)	(9,904)
Loss on sale of real estate				
Income (Loss)	$(5,598)	$(8,893)	$(16,587)	$(9,904)
Number of common shares outstanding	4,543,893	4,543,893	4,543,893	4,484,893
Earnings (loss) per share	$(.00123)	$(.00195)	$(.00365)	$(.00217)

BEACON FINANCIAL, INC.
STATEMENTS OF CASH FLOWS

	Six Months Ending March 31,	
	1992	1991
Cash flow from operating activities		
Interest received	$ 23,854	$ 31,891
Rent received	22,301	4,009
Other income	--	6,167
Interest paid	(2,976)	(3,330)
Cash paid to suppliers and employees	(46,725)	(39,460)
Net cash provided (used) by operating activities	(3,546)	(723)
Cash flows from investing activities		
Proceeds from sales of real estate	--	3,142
Principle collected on long term loans	5,581	1,860
Long-Term loans and investments	--	--
Capital expenditures	(264)	--
Net cash used in investing activities	5,317	5,002
Cash flows from financing activities		
Repayment of long term debt	(2,975)	(2,622)
Net increase (decrease) in cash and cash equivalents	(1,204)	1,657
Cash and cash equivalents at October 31, 1991	255,123	184,814
Cash and cash equivalents at March 31, 1992	$253,919	$ 186,471

BEACON FINANCIAL, INC.

Notes to Condensed Financial Statements
(Unaudited)
March 31, 1992

Condensed Financial Statements

The accompanying unaudited condensed financial statements have been prepared in accordance with United Securities and Exchange Commission instructions relating to form 10-Q and do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting) of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the six month period ended March 31, 1992 are not necessarily indicative of the results that may be expected for the year ending September 30, 1992. The statements should be read in conjunction with the financial statements and notes thereto included in the Company's Form 10K, filed January 25, 1992, for the year ended September 30, 1991.

Note 1 - Long-Term Receivables, Real Estate and Other Investments:

Mortgages and contracts receivable, 9.93% - 15% interest	$ 454,886
Corporate securities and limited partnership interests	17,616
Real estate and other investments	813,091
	1,285,593
Less current portion net of allowance for bad debts	3,762
	$1,281,831

Note 2 - Long-Term Debt

Long-term debt at March 31, 1992 consists of the following:

Mortgages payable, $992 monthly, including interest at 12.38%	$ 46,281
Less current portion	4,762
	$ 41,519

Item 2. Management's Discussion

BEACON FINANCIAL, INC.

FORM 10-Q

Operations and Contingencies

Presently, Beacon's business is limited to managing its' real estate properties and investigating new business opportunities and investments in which the Company may become involved. Beacon's Board of Directors is actively seeking new business opportunities in the form of investments, acquisitions and mergers. It is the stated goal of the Board of Directors to seek only those business opportunities wherein the Company will retain control following any transaction. Management is also desirous of using the assets of Beacon as a basis for new investments which would provide the Company a greater return. As of the date hereof, the Company has not made any commitments pertaining to any potential business opportunity or investment.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

No Form 8-K's have been filed during the quarter.

BEACON FINANCIAL, INC.
(Registrant)

BY: ______________________
Alan E. Combs, President

BY: ______________________
Jay L. Stone, Secretary

Date May 13, 1992

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MAY 20 1992

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

BEST COPY AVAILABLE

FOR THE QUARTERLY PERIOD ENDED: March 31, 1992

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF
THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM N/A TO ______________

Commission File Number: O-17408

15/15:M
MAY 21 1992
Microfilmed by
Q-Data Corp. - St. Petersburg, FL

CENTURION MINES CORPORATION

(Exact name of registrant as specified in its charter)

UTAH	8[illegible]
(State or other jurisdiction incorporation or organization)	(I.R.S. Employer Identification Number)

L3Q

331 South Rio Grande, Suite 201, Salt Lake City, Utah 84101

(Address of Principal Executive Offices) (Zip Code)

801-534-1120

Registrant's telephone number, including area code

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

The number of shares outstanding at March 31, 1992: 15,969,514 shares

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS OF CENTURION MINES CORPORATION
(Hereinafter referred to as Registrant)

The financial statements of the Registrant included herein have been prepared by the Registrant from its own books and records. In the opinion of management, the financial statements included in this quarterly report present fairly in all material respects, the financial position of Registrant.

As discussed in Note 2, a substantial portion of Registrant's assets consist of mining properties. Recovery of Registrant's investment in these mining properties is dependent upon the discovery of reserves in commercial quantities and the subsequent development or sale of those reserves. These matters are contingent upon future events which cannot be determined at this time.

CENTURION MINES CORPORATION

BALANCE SHEET

ASSETS

	As of March 31, 1992 (Consolidated) (Unaudited)	As of September 30, 1991
CURRENT ASSETS:		
Cash	10,493	3,279
Accounts receivable	235,738	188,794
Prepaid mining leases	5,847	6,280
Total Current Assets	252,078	198,353
PROPERTY AND EQUIPMENT:		
Mineral properties	2,512,887	2,205,530
Leasehold Improvements	41,323	41,323
Furniture and equipment	122,275	119,226
Vehicles	13,550	13,550
Total property and equipment	2,690,035	2,379,629
Less: Accumulated depreciation	<135,962>	<121,384>
Net property and equipment	2,554,073	2,258,245
OTHER ASSETS:		
Other assets	4,046	3,163
Investments in securities	826,436	--
Total Other Assets	830,482	3,163
TOTAL ASSETS	$ 3,636,633	2,459,761

See accompanying notes to the financial statements.

CENTURION MINES CORPORATION

BALANCE SHEET

LIABILITIES AND STOCKHOLDERS' EQUITY

	As of March 31, 1992 (Consolidated) (Unaudited)	As of September 30, 1991
CURRENT LIABILITIES:		
Accounts payable	$ 67,825	84,267
Accrued interest payable (see note 5)	24,625	--
Current portion of note payable (See Note 5)	--	--
Total Current Liabilities	92,450	84,267
Notes payable (See Note 5)	47,947	782,899
Commitments and Contingencies (Note 3)	--	--
STOCKHOLDERS EQUITY:		
Minority Interest	153,417	
Common stock- $.01 par value; For Centurion, 20,000,000 shares authorized; 15,969,514 and 14,833,267 shares issued and outstanding for the respective periods; For Royal, $.01 par value; 40,000,00 shares authorized; 7,517,840 issued and outstanding for March 31, 1992.	201,889	148,333
Additional paid -in capital	5,701,517	4,093,008
Deficit accumulated	<2,560,587>	<2,648,746>
Total Stockholders' Equity	3,496,236	1,592,595
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$3,636,633	2,459,761

See the accompanying notes to the financial statements

CENTURION MINES CORPORATION

STATEMENTS OF OPERATIONS

		For the Quarter Ended March 31, 1992 (Consolidated) (Unaudited)	For the Quarter Ended March 31, 1991 (Unaudited)	For the Year Ended September 30, 1991
REVENUE:				
	Management Fees	30,000	30,000	120,000
	Interest Income	10	2,145	4,111
	Production Income	--	--	48,000
	Miscellaneous Income	256	--	2,078
	Reimbursed expenses	33	252	1,615
	Total Revenue	30,299	32,397	175,804
EXPENSES:				
	Depreciation	7,321	7,962	31,202
	Mineral leases	3,754	9,502	43,800
	General and administrative	176,751	159,882	611,488
	Interest expense	112	7,527	14,455
	Total Expenses	187,938	184,873	700,945
	OPERATING INCOME (LOSS)	<157,639>	<152,476>	<525,141>
	Sale of Mineral Rights	294,528	--	--
	NET INCOME (LOSS)	$136,889	<152,476>	<525,141>
	Gain or Loss per weighted average common share (See Note 1)	$ .01	< .01>	< .04>

See the accompanying notes to the financial statements

CENTURION MINES CORPORATION

STATEMENTS OF CASH FLOWS

	For the Quarter Ended March 31, 1992 (Consolidated) (Unaudited)	For the Quarter Ended March 31, 1991 (Unaudited)	For the Year Ended September 30, 1991
CASH FLOW FROM OPERATING ACTIVITIES			
Net income or loss	$136,889	<152,476>	<525,141>
Non cash items included in net income or loss:			
Depreciation	7,320	7,962	31,202
Disposal of asset			8,453
Other expenses paid through issuance of common stock	58,462	68,772	239,970
Increase in:			
Accounts Receivable	<56,370>	--	<188,794>
Other Current Assets	--	--	12,112
Prepaid Mining Leases	--	--	--
Accounts Payable	--	10,120	13,092
Accrued Interest	--	--	<94,454>
Other Assets	--	<1,000>	<1,000>
Decrease in:			
Accounts Receivable	--	2,732	--
Prepaid mining leases	1,046	8,302	28,962
Accounts Payable	<54,292>	<18,166>	--
Net cash provided by <used in> operating activities	$93,055	<75,754>	<475,598>

See the accompanying notes to the financial statements

CENTURION MINES CORPORATION

STATEMENTS OF CASH FLOWS
(CONTINUED)

	For the Quarter Ended March 31, 1992 (Consolidated) (Unaudited)	For the Quarter Ended March 31, 1991 (Unaudited)	For the Year Ended September 30, 1991
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	<1,724>	--	<267,607>
Increase in deposits	<393>	--	--
RMI Net Equity 12/31/91	35,134	--	--
Purchase of other mineral rights	<252,547>	<42,061>	--
Net cash used in investing activities	<219,530>	<42,061>	<267,607>
CASH FLOW FROM FINANCING ACTIVITIES:			
Increase in notes payable	24,935	<40,971>	220,140
Reduction of notes payable			<52,122>
Issuance of common stock	112,375	279,747	575,497
Net cash provided <used> by financing activities	137,310	238,776	743,515
NET INCREASE <DECREASE> IN CASH	$ 10,835	120,961	310

See the accompanying notes to the financial statements.

CENTURION MINES CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1992

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Registrant was incorporated on June 21, 1984, under the laws of the state of Utah, to acquire and develop mineral leases and mineral properties with the intent to produce precious metal ores.

The financial statements of the Registrant included herein have been prepared by the Registrant from its own books and records. In the opinion of management, all adjustments necessary to present the financial position, results of operations, and cash flow at March 31, 1992, have been made and the financial statements included in this quarterly report present the financial position of Registrant in all material respects.

As discussed in Note 2, a substantial portion of Registrant's assets consist of mining properties. Recovery of this investment is dependent upon the discovery of reserves in commercial quantities and the subsequent development or sale of those reserves. These matters are contingent upon future events which cannot be determined at this time.

Property and Equipment

Property and equipment are stated at cost. Acquisitions having a useful life in excess of one year are capitalized. Maintenance and repairs are expensed in the year incurred. Capitalized assets are depreciated by the straight-line method over the estimated useful lives of the related assets. The cost of leasehold improvements is depreciated over the life of the lease.

Mining Cost Capitalization

The Registrant capitalizes the acquisition costs of mineral rights and leases. Costs to maintain the mineral rights and leases are expensed as incurred during the exploration stage.

Loss per Common Share

Losses per common share are calculated based on the number of shares of common stock outstanding during the period. Common stock options and other common stock equivalents are excluded from the calculation of the weighted average number of shares since they are non-dilutive.

NOTE 2 - MINERAL RIGHTS

The Registrant controls approximately 250,000 acres of mining property and mineral rights in Utah and about 20,000 acres in Okanogan County, Washington. Costs relating to the acquisition and development of the mineral rights and leases in Utah and Washington have been capitalized and costs to maintain the mineral rights and leases are expensed as incurred during the exploration stage.

NOTE 3--COMMITMENTS

The Registrant has entered into various cancelable mining leases and royalty agreements as a lessee. The leases had original terms of 3 to 20 years in length and are cancelable at the Registrant's option at any time. The majority of leases have options to be renewed by the Registrant.

Most of the above agreements also have provisions for additional royalty payments based on "net smelter returns" or gross revenues from mineral sales. These royalties average from 1% to 6% and are applicable only after production and sales have begun. Minimum annual royalty payments previously paid will be deducted from the earned royalty payments in the event production from such leases should occur.

Many of the leases also have provisions allowing Registrant to purchase all rights to the properties thereby reducing future commitments for royalty payments.

NOTE 4--COMMON STOCK AND OPTIONS

On February 22, 1990, the company granted options to its directors to purchase an aggregate of 450,000 shares of restricted common stock at $.2325 per share. The options were generally exercisable in blocks of 25,000 shares and expired March 31, 1992 and/or three months after any director ceases to serve as a member of the Board. Director Spenst Hansen exercised his option to purchase the full 100,000 shares on March 4, 1991. Director Orson Mabey exercised his option on February 5, 1992. Barry F. Katona exercised his option on March 17, 1992. Director JDH (David) Morgan exercised his option on March 13, 1992 and Director John L. Larsen exercised his option on March 31, 1992. Effective March 17, 1992, Barry F. Katona is no longer a Director of the Registrant.

Registrant throughout its history, has issued restricted shares of its common stock as partial payment for; 1) mineral properties, 2) lease costs; 3) compensation to officers and others; 4) and reimbursement to officers for expenses. During the period December 31, 1991 to March 31, 1992, 77,250 shares were issued as compensation to officers, directors, employees and contractors. Also, 360,554 shares were issued to retire certain long term notes payable (see Note 5). Additionally, 174,743 shares were issued in exchange for 3,941,771 shares of Royal Minerals, Inc. common stock. These transactions did not affect cash.

Pursuant to an Option to Joint Venture agreement dated May 22, 1990 (see note 6), Registrant sold to Crown Resources Corporation of Colorado 150,000 shares of restricted common stock plus 750,000 warrants for $75,000. Each warrant created the right to purchase one (1) share of Registrant's restricted common stock at a price of $.60 until May 22, 1991. None of these warrants were exercised, and have all expired as of the current date.

NOTE 5–NOTES PAYABLE

During the period December 31, 1991 to March 31, 1992, most of the Registrant's outstanding long-term debt was retired through the issuance of restricted common stock.

On December 2, 1991, Registrant owed $91,726 to Spenst Hansen, a director and officer of Registrant, for cash advanced to Registrant. Restricted shares were valued at $0.829; 110,554 shares were issued to retire this debt.

On December 30, 1991, Registrant owed $725,167 in principal and accrued interest, for the purchase of certain mining property interests. The obligation was settled through the issuance of 250,000 restricted shares of Registrant's common stock and other interests. The stock was valued at $0.875 per share, for a total of $218,750. This transaction resulted in a gain on the retirement of debt in the amount of $506,417.

The remaining long-term note of $38,440, and the accrued interest in the amount of $9,507, were also incurred for the purchase of a fractional interest in mining properties. Management has received a written representation from the note holder indicating his intent not to require any payments on the notes prior to October 1992. Consequently, the balance represented by this note has been classified as a long-term liability. Also, the note is non-recourse to Registrant and represents an approximate 3.7% interest in one mining property interest which is less than 5% of Registrant's total mining property holdings.

NOTE 6–OPTION TO JOINT VENTURE

On May 22, 1990, Registrant and Crown Resources Corporation of Colorado, a Colorado corporation, signed a letter option agreement to form a joint venture (hereinafter "Agreement"). Pursuant to the Agreement, Crown Resources Corporation may acquire a 60% interest in mineral rights on mining properties currently owned or controlled by Registrant in central and western Utah. The specific mining properties included in this Agreement are in the Tintic Mining District Juab County, the Kings Canyon properties in Millard County, and about one half of the Registrant's controlled properties in the Oquirrh Mountain range (Utah Gold Belt) west from Salt Lake City. Registrant's other properties in Utah and the properties in Washington state are not subject to the Agreement.

The Agreement requires Crown Resources Corporation to fund four million dollars of authorized exploration, and other costs over a maximum four year period to earn a 60% interest in four of the six property blocks currently subject to the Agreement. Crown Resources Corporation is obligated to release two property blocks prior to May 22, 1992.

Crown Resources Corporation made a $75,000 private placement to Registrant in exchange for 150,000 shares of the Registrant common stock plus warrants to purchase 750,000 additional shares of Registrant stock at $.60 per share. These warrants were not exercised and have now expired.

Registrant receives a joint venture project management fee of $10,000 per month until the Agreement terminates, or April 30, 1994, whichever occurs first.

Crown Resources Corporation has exercised its option to form the joint venture. The final formal agreement has not been executed at the time of this writing but is under active negotiation.

(See Form 8-K Dated May 22, 1990)

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Financial Condition

The Registrant had a positive cash balance of $10,493 at March 31, 1992, and accounts receivable of $235,738. These funds will be used for future operating expenses. Registrant's main source of revenue continues to be management fees from the Crown/Centurion joint venture. During 1991, Registrant began receiving production income. Management intends to reduce its mining property lease-holding costs by giving up lands where evaluation has disproved or reduced the possibility of the existence of valuable mineral deposits. The Registrant has reduced its long term debt from $725,167 to $47,947 through the issuance of Registrant's common stock and other interests. See Notes 4 and 5 of the financial statements.

Liquidity and Capital Resources

Since inception on June 21, 1984, the Registrant has been engaged in exploration, acquisition, and development of mining properties. The Registrant has not commenced mining operations but has derived production revenue through the sale of previously mined gold and silver dump ores from its property holdings. At March 31, 1992, current assets exceeded current liabilities by $160,193, compared to a working capital at December 31, 1991 of $55,170.

Registrant's assets consist primarily of interest in mineral rights, which are carried at the cost o acquisition. The increase in total assets from $2,581,696 on December 31, 1991 to $3,636,633 as of March 31, 1992 is primarily due to the acquisition of Royal Minerals, Inc., the acquisition of additional mining properties, and the issuance of additional shares of Registrant's stock. The Registrant's major financial commitments are its obligation to maintain the underlying leases to its properties.

The Crown Resources Corporation option to form a joint venture agreement requires Crown Resources Corporation to pay mining lease payments and perform work commitments for a substantial part of Registrant's mining property holdings. It is anticipated that Crown Resources Corporation will honor its obligation and will continue to make mining lease payments and perform work commitments.

Registrant issued 174,743 shares of Registrant's restricted common stock having a value of $82,403 and paid cash in the amount of $1,600 for 3,941,771 shares of Royal Minerals, Inc. (RMI) stock. The acquisition of the stock provided the Registrant with an increase in its Other Assets of $84,003. On January 10, 1992, Royal Minerals, Inc. issued to Registrant, 2,000,000 shares of RMI common stock in exchange for approximately 4,000 acres of private mineral leases. At the RMI shareholders meeting held on January 31, 1992, the RMI shareholders approved a 5 for 1 reverse split of their common stock. Also approved at the shareholders meeting, was the sale of approximately 22,000 acres of unpatented mining claims, private and state leases and other mineral interests owned by Registrant to Royal Minerals, Inc. for 5,000,000 post-split shares of RMI common stock.

Results of Operations

Quarterly net income increased to $136,889 from last years quarterly loss of $<152,476> and quarterly earnings per share to $.01 from last years quarterly loss per share of $<.01> due primarily to sales of mineral properties. For the first time in Registrant's history, there have been two consecutive profitable quarters.

Production revenue was received from the Centennial Eureka properties controlled by Registrant. The revenue received during this fiscal quarter is represented primarily by management fees from the Crown/Centurion Joint Venture and production income which it continues to receive. During fiscal year 1991 Registrant derived income of $48,000 from the sale of its rights to mine and process certain dump ores in the Tintic Mining District. The Crown/Centurion Joint Venture entered into an agreement with North Lily Mining Company to sell previously mined gold and silver dump ores. See note 6 to the financial statements.

Registrant's business plan is to derive income from the sale or disposition of new ore reserves from the exploration and development of its properties, and ultimately to derive production revenue from the commercial mining of ores. Registrant to date has participated in joint ventures and has leased its mining properties to other larger and better financed companies which provide the major investments required to explore, develop, and bring these properties into production. This course of action reduces the Registrant's risk and need for large amounts of capital, but it also reduces the upside potential for profits. In the future, when financial strength permits, management expects Registrant to carry out additional exploration, development and production entirely for its own account. This will involve greater potential for profit, but will also involve greater financial risk.

There are some differences between the second quarter of fiscal 1992 and the second quarter of fiscal 1991. The principal amount of revenue in the second quarter of fiscal 1992 was $294,528 from the sale of mineral rights. These sales enabled the consolidated Registrant to invest in additional mineral rights. Operating revenue for the quarter ended March 31, 1991 was $30,299 which consisted primarily of management fees from the joint venture with Crown Resources Corporation Resources. Revenue for the second quarter of the prior year was $32,397, which also consisted primarily of management fees from the joint venture. Expenses for the second quarter ending March 31, 1992 were $187,938 compared to $184,873 for the second quarter of the prior year. Mineral lease expenses decreased to $3,754 in the second quarter from $9,502 in the second quarter of the prior year, due to Crown Resources Corporation's payment of most of the required mining lease payments, and also due to Management's favorable renegotiation of certain mining lease obligations.

As discussed in Note 4, the Registrant has historically issued restricted shares of its common stock as payment of various obligations, thus reducing the use of working capital. During the period from March 1987 through May 1991, corporate officers Barry F. Katona, President and Spenst Hansen, Vice President took Registrant's promissory notes in lieu of cash for certain items of compensation, expenses incurred, direct loans to the Registrant and accrued interest. At May 9, 1991, the totals owed to Messrs Katona and Hansen were $28,619 and $312,832 respectively, for a total of $341,451, carried on the books of the Registrant as long term debt. The market price of the Registrant's stock at that date was quoted at $1.25. On May 9, 1991, 303,511 shares were issued at a price of $1.25 per share to Messrs Katona and Hansen and the promissory notes were canceled. As discussed in Note 5, on December 2, 1991, Registrant issued 110,554 restricted shares at a price of $0.829, to Mr. Hansen in retirement of an additional $91,726 in notes payable.

Consolidation of Financial Statements

Management has consolidated the financial statements of Registrant and Royal Minerals, Inc. ("Royal"), an 81% owned subsidiary corporation. The equity in Royal was acquired in the current reporting period. Financial statements contained herein reflect the consolidation of the Registrant's and Royal's financial records. Royal Minerals, Inc., a Utah corporation, is a publicly held company quoted in the pink sheets and traded over-the-counter.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On April 22, 1992, Crown Resources Corp. of Colorado ("Crown"), a joint venture partner of the Registrant, filed an action in the U.S. District Court in Utah naming the Registrant and Royal Minerals, Inc. as defendants. The action involves a dispute over approximately 200 acres of mineral rights in the North Oquirrh Mountain Range, Salt Lake City, Utah and whether or not Registrant is obligated to offer this acreage to the Crown/Centurion venture, or whether Registrant is entitled to retain this acreage for its own account. No specific damages are sought by Crown. Settlement negotiations are currently being carried out by the parties. Registrant has received a settlement proposal from Crown which is being reviewed and considered by the Registrant.

ITEM 2-4.

No response to items 2-4 Part II required.

ITEM 5. OTHER INFORMATION

Effective as of the Annual Shareholders Meeting of the Registrant held March 17, 1992, Barry F. Katona is no longer a director or officer of the Registrant or its affiliates.

On March 17, 1992, the Board of Directors elected the following individuals as officers of Registrant to serve until the next Annual Meeting of the Shareholders:

President	Spenst Hansen
Vice President/Assistant Secretary	E. Craig Hopkinson
Secretary	Orson Mabey III
Treasurer/Assistant Secretary	A. Franklin Adams

Mr. Hansen and Mr. Mabey are currently directors of Registrant. Mr. Hansen is currently the Chief Executive Officer and was formerly the Vice President and Secretary/Treasurer. Both Mr. Hansen's and Mr. Mabey's biographies are reported in the Registrants current 10-K.

Mr. Hopkinson, 43, is the President of National Legal Services, Inc., a Utah corporation, which provides legal support services to the legal and business community. Mr. Hopkinson, has provided these services to the Registrant. Before forming National Legal Services, Inc., in January, 1991, Mr. Hopkinson was employed for four years with the law firm of Giauque, Crockett & Bendinger, Salt Lake City, Utah. Prior to working for Giauque, Crockett & Bendinger, Mr. Hopkinson was employed for two years by the law firm of Winston & Strawn, Phoenix, Arizona.

Mr. Adams, 46, is a Certified Public Accountant (CPA). Mr. Adams has been the controller of Registrant for two years. Mr. Adams also provides controller or accounting services to other business entities. Prior to becoming controller for Registrant, Mr. Adams was the accounting manager for KDJ Custom Steel Company for a period of two years. For two years before becoming the accounting manager at KDJ, Mr. Adams was the assistant controller for Jetway Division, Abex Corporation, Ogden, Utah.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits. None

(b) Reports on Form 8-K. None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CENTURION MINES CORPORATION

Date: May 19, 1992 Spenst Hansen

Spenst Hansen,
President and Director

Date: May 19, 1992 A Franklin Adams

A. Franklin Adams,
Assistant Secretary/Treasurer

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

8qL-2239

For the quarterly period ended March 31, 1992

Commission file number 0-17864

DAWN CAPITAL CORP.
(Exact name of registrant as specified in its charter)

Delaware	13-3493060
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

29 Elm Avenue, Mount Vernon, New York 10550
(Address of principal executive offices)

(914) 668 - 1922
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ____

The number of shares outstanding of the registrant's common stock, $.001 par value, was 7,195,478 at May 8, 1992.

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DAWN CAPITAL CORP. AND SUBSIDIARIES

INDEX

Page

Part I – Financial Information:

Item 1 – Financial Statements:

Consolidated Balance Sheets, March 31, 1992 (Unaudited) and December 31, 1991 — 3

Consolidated Statements of Income, Three Months Ended March 31, 1992 and 1991 (Unaudited) — 4

Consolidated Statements of Stockholders' Equity, Three Months Ended March 31, 1992 and 1991 (Unaudited) — 5

Consolidated Statements of Cash Flows, Three Months Ended March 31, 1992 and 1991 (Unaudited) — 6

Notes to Consolidated Financial Statements (Unaudited) — 7–9

Item 2 – Management's Discussion and Analysis of Financial Condition and Results of Operations — 10–11

Part II – Other Information — 12

DAWN CAPITAL CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	March 31, 1992 (Unaudited)	December 31, 1991
ASSETS		
Current Assets:		
Cash	$423,384	$466,100
Accounts receivable (Note 7)	808,427	1,132,510
Inventories (Note 2)	1,517,027	1,876,199
Other current assets	127,909	57,019
Total current assets	2,876,747	3,531,828
Property and Equipment, less accumulated depreciation and amortization of $497,905 in 1992 and $448,000 in 1991 (Note 3)	827,044	749,835
Other Assets	20,389	18,393
	$3,724,180	$4,300,056
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Short-term notes payable (Note 4)	$1,450,000	$950,000
Current portion of long-term debt (Note 5)	52,571	53,556
Accounts payable and accrued expenses	466,137	1,490,695
Accrued payroll and related liabilities	77,198	104,954
Income taxes payable	63,675	143,965
Other current liabilities		26,791
Total current liabilities	2,109,581	2,769,961
Long-term Debt, less current portion (Note 5)	38,600	51,371
Commitments (Note 8)		
Stockholders' Equity:		
Common stock, $.001 par value, 15,000,000 shares authorized, 7,195,478 shares issued and outstanding in 1992, 7,045,478 shares issued and outstanding in 1991	7,195	7,195
Capital in excess of par value	1,383,665	1,383,665
Unearned restricted common stock issued	(81,250)	(107,500)
Retained earnings	266,389	195,364
Total stockholders' equity	1,575,999	1,478,724
	$3,724,180	$4,300,056

See the accompanying notes to consolidated financial statements.

DAWN CAPITAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
Three Months Ended March 31, 1992 and 1991
(Unaudited)

	1992	1991
Sales (Note 7)	$2,066,001	$1,702,684
Costs and Expenses:		
Cost of sales	1,598,129	1,231,048
Selling, general and administrative	320,346	177,663
Total costs and expenses	1,918,475	1,408,711
Income from Operations	147,526	293,973
Other Income (Expense):		
Interest income	1,396	
Interest expense	(29,897)	(13,900)
Total other income (expense)	(28,501)	(13,900)
Income Before Income Taxes	119,025	280,073
Income Taxes:		
Federal	36,000	50,000
State and local	12,000	20,074
Total income taxes	48,000	70,074
Net Income	$71,025	$209,999
Weighted Average Number of Common Shares Outstanding	7,195,478	7,045,478
Net Income per Common Share	$0.01	$0.03

See the accompanying notes to consolidated financial statements.

DAWN CAPITAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Three Months Ended March 31, 1992 and 1991

(Unaudited)

	Common Stock		Capital in Excess of Par Value	Unearned Restricted Common Stock Issued	Retained Earnings (Deficit)
	Shares	Amount			
Three Months Ended March 31, 1992					
Balances, December 31, 1991	7,195,478	$7,195	$1,383,665	($107,500)	$195,364
Common Stock Earned:					
Employee stock bonus plan				16,250	
Commission sales agent agreement				10,000	
Net Income					71,025
Balances, March 31, 1992	7,195,478	$7,195	$1,383,665	($81,250)	$266,389
Three Months Ended March 31, 1991					
Balances, December 31, 1990	7,045,478	$7,045	$1,233,215	$0	($84,109)
Net Income					209,999
Balances, March 31, 1991	7,045,478	$7,045	$1,233,215	$0	$125,890

See the accompanying notes to consolidated financial statements.

DAWN CAPITAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Three Months Ended March 31, 1992 and 1991
Increase (Decrease) in Cash
(Unaudited)

	1992	1991
Cash Flows from Operating Activities:		
Net income	$71,025	$209,999
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation and amortization	50,029	50,029
Expenses related to restricted common stock earned	26,250	
(Increase) decrease in assets:		
Accounts receivable	324,083	(77,214)
Inventories	359,172	(128,241)
Other current assets	(70,890)	(17,866)
Other assets	(2,120)	
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(1,024,558)	(105,779)
Accrued payroll and related liabilities	(27,756)	12,517
Income taxes payable	(80,290)	62,623
Other current liabilities	(26,791)	
Total adjustments	(472,871)	(203,931)
Net Cash Provided (Used) by Operating Activities	(401,846)	6,068
Net Cash Used by Investing Activities,		
Payments for purchases of property and equipment	(127,114)	(12,013)
Cash Flows from Financing Activities:		
Borrowing under short-term notes payable	500,000	
Principal payments on long-term debt	(13,756)	(19,943)
Net Cash Provided (Used) by Financing Activities	486,244	(19,943)
Net Decrease in Cash	(42,716)	(25,888)
Cash, Beginning of period	466,100	41,646
Cash, End of period	$423,384	$15,758
Supplemental Cash Flow Information, Cash paid for:		
Interest	$29,500	$2,170
Income taxes	$128,290	$6,843

See the accompanying notes to consolidated financial statements.

DAWN CAPITAL CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1 – Summary of Significant Accounting Policies:

Financial Statements

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10–Q and do not include all the information and footnotes required by generally accepted accounting principles. All adjustments which are of a normal recurring nature and, in the opinion of management, necessary for a fair presentation have been included. These statements should be read in conjunction with the financial statements and notes thereto included in the Company's annual report filed in its Form 10–K for the year ended December 31, 1991.

Reclassifications

Certain 1991 items have been reclassified to conform with the 1992 presentation.

Note 2 – Inventories:

Inventories are comprised of the following:

	March 31, 1992 (Unaudited)	December 31, 1991
Finished goods	$292,052	$258,240
Work in process	273,785	222,595
Raw materials	951,190	1,395,364
	$1,517,027	$1,876,199

Note 3 – Property and Equipment:

Details of property and equipment are as follows:

	March 31, 1992 (Unaudited)	December 31, 1991
Land	$52,150	$52,150
Building and improvements	156,448	156,448
Leasehold improvements	103,189	62,280
Machinery and equipment	850,207	767,989
Office equipment	162,955	158,968
	1,324,949	1,197,835
Less accumulated depreciation and amortization	497,905	448,000
	$827,044	$749,835

DAWN CAPITAL CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 4 – Short–term Notes Payable:

The following is a summary of short–term notes payable:

	March 31, 1992 (Unaudited)	December 31, 1991
Short–term bank note payable under a line of credit of $1,500,000 at March 31, 1992 and $750,000 at December 31, 1991, bearing interest at 1% above the bank's prime rate, collateralized by certain assets of the Company and guaranteed by the Company's principal stockholders	$1,250,000	$750,000
Short–term notes payable to certain retirement plans affiliated with one of the Company's directors, bearing interest at 10%, payable on June 23, 1992 and guaranteed by the Company's principal stockholders	200,000	200,000
	$1,450,000	$950,000

Note 5 – Long–term Debt:

The following is a summary of long–term debt:

	March 31, 1992 (Unaudited)	December 31, 1991
Purchase money mortgage note payable in substantially equal monthly installments of $4,167 through 1993 bearing interest at the prime rate and collateralized by land and building	$87,500	$100,000
Obligations under capital equipment leases payable in monthly installments through May 1993	3,671	4,927
	91,171	104,927
Less current portion	52,571	53,556
	$38,600	$51,371

Aggregate future required principal payments at March 31, 1992 are as follows:

Year Ending March 31:	
1993	$52,571
1994	38,600
	$91,171

DAWN CAPITAL CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 6 – Related Party Transactions:

The Company leases office and factory space from the Company's president at an annual rent which is based upon the Company's square foot usage of the building. Rent expense was approximately $11,000 and $3,000 for the three months ended March 31, 1992 and 1991, respectively.

Note 7 – Major Customers:

The Company had the following approximate sales to major customers during the three months ended March 31, 1992 and 1991:

	1992	1991
A significant manufacturer of business machines	$1,120,000	$397,000
The U.S. Postal Service	500,000	1,095,000
	$1,620,000	$1,492,000

Accounts receivable includes approximately $513,000 from major customers at March 31, 1992.

Note 8 – Commitment:

In February 1992, the Company signed a five year contract with a sales agent for the purpose of marketing the Company's artificial Christmas trees and related products. The sales agent is entitled to receive a commission of 6% for all sales orders placed by the agent. Upon signing the agreement, the sales agent received the right to acquire 20,000 shares of the Company's common stock from the Company for one cent ($.01) per share. In addition, the Company has agreed to sell the sales agent 20,000 shares of common stock for one cent ($.01) per share in each of the remaining years (2 through 5) of the agreement if the sales agent is successful in achieving the following sales level for the Company's artificial Christmas trees and related products:

Contract Year	Sales Level
2	$2,000,000
3	2,750,000
4	3,250,000
5	4,000,000

If the sales agent is successful in achieving the sales levels for years four or five in any earlier year, the sales agent shall be entitled to purchase an additional 20,000 shares of common stock for one cent ($.01) per share for each goal achieved, whereupon, the sales levels for years four and five will be modified to $5,000,000 and $6,000,000. respectively.

Item 2 – Management's Discussion and Analysis of Financial Condition and Results of Operations:

The following is management's discussion and analysis of certain significant factors which have affected the Company's financial position and results of operations during the periods included in the accompanying consolidated financial statements.

Comparison of Operating Results for the Three Months Ended March 31, 1992 and 1991

Sales were $363,317 higher (a 21% increase) in 1992 because of the Company's entrance into new areas of business including, the sale of spare computer parts and artificial Christmas trees. Sales in these two areas were approximately $830,000 and $65,000, respectively, in 1992. The Company had no sales in these two areas in 1991. In addition, the Company experienced a decrease in sales to the United States Postal Service of approximately $595,000 resulting from lower requirements by the United States Postal Service for mail sorting carts and related spare parts.

Cost of sales as a percentage of sales was approximately 77% and 72% in 1992 and 1991, respectively. The cost of sales percentage was higher in 1992 because of changes in the Company's sales mix discussed above. The Company's sales of spare computer parts do not provide profit margins as high as the Company's previous sales areas because of the amortization of certain initial costs associated with the acquisition of materials and tooling used in this line of business. The Company's sales of artificial Christmas trees in 1992 were almost entirely sales of excess inventory from 1991 which was sold at cost and, accordingly, did not provide any profit in 1992. In addition, the Company is paying higher rates on employee health insurance which is contributing to the higher cost of sales percentage in 1992.

Selling, general and administrative expenses were $142,683 higher (an 80% increase) in 1992 because of commissions associated with the Company's sales of computer spare parts and artificial Christmas trees, higher consulting and professional fees associated with developing new areas of business and higher rates on employee health insurance.

Interest expense is approximately $16,000 higher in 1992 (a 115% increase) as a result of higher levels of borrowing needed to finance the Company's operations in the new business areas discussed above (spare computer parts and artificial Christmas trees).

Income from operations and net income decreased approximately $161,000 and $139,000, respectively, in 1992 as a result of the factors discussed above.

Liquidity and Capital Resources

The Company had working capital of approximately $767,000 and $762,000 at March 31, 1992 and December 31, 1991, respectively. Working capital ratios were 1.36 to 1 at March 31, 1992 and 1.27 to 1 at December 31, 1991. Working capital did not increase significantly in the three months ended March 31, 1991 primarily because the Company has utilized the profits during this period to invest in equipment for use in the production of artificial Christmas trees.

Liquidity and Capital Resources (Continued)

The Company is developing a seasonal business in artificial Christmas trees and related products and will need to borrow additional funds to finance production. Based upon anticipated sales and production levels, the management of the Company believes that the additional borrowing available under the Company's existing bank line of credit of $250,000 will be sufficient to finance production but may not be sufficient to allow the Company to repay certain notes payable in June 1992. Accordingly, management of the Company is currently seeking to obtain additional financing to allow the Company to meets its obligations.

Inflation

Although inflation has not been a significant factor in recent years, the Company continues to be cognizant of potential increases in prices and takes such factors into consideration when quoting prices and bids for contract awards.

Backlog

The Company's sales backlog was approximately $4,000,000 at March 31, 1992.

DAWN CAPITAL CORP. AND SUBSIDIARIES

Part II – Other Information

Item 1 – Legal Proceedings:

None

Item 2 – Changes in Securities:

None

Item 3 – Defaults Upon Senior Securities:

None

Item 4 – Submission of Matters to a Vote of Security Holders:

None

Item 5 – Other Information:

None

Item 6 – Exhibits and Reports on Form 8–K:

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DAWN CAPITAL CORP.
(Registrant)

Date May 18, 1992

Andrew D'Aloia, President,
Principal Executive Officer

Date May 18, 1992

John F. McTigue

John F. McTigue, Treasurer,
Chief Financial Officer

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter ended January 31, 1992 Commission File No. 0-14733

DELTA COMPUTEC INC.
(Exact name of registrant as specified in it: charter)

New York
(State of Incorporation)

16-1146345
(I.R.S. Employer I.D. No.)

6647 Old Thompson Road, Syracuse, NY
(Address of Principal Executive Offices)

13211
(Zip Code)

Registrant's telephone number including area code: (315) 437-2202

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

Yes x No ___

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the close of the period covered by this report.

Class	Number of Shares Outstanding
Common Stock, Par Value $.01 Per Share	3,070,825 Shares

There are 13 pages to this report.

The index to Exhibits is located on page 12 of this report.

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DELTA COMPUTEC, INC.
Form 10-Q
Quarter Ended January 31, 1992

INDEX

Part I: Financial Information

Page

Consolidated balance sheets at January 31, 1992 and October 31, 1991 3-4

Consolidated statements of operations for the three months ended January 31, 1992 and January 31, 1991 5

Consolidated statement of cash flows for the three months ended January 31, 1992 and January 31, 1991 6

Notes to consolidated financial statements 7-9

Management's discussion and analysis of operations and financial condition 10-11

Part II: Other Information

Exhibits and Reports on Form 8-K 12

Signatures 13

DELTA COMPUTEC INC.

CONSOLIDATED BALANCE SHEETS

ASSETS

	(Unaudited) January 31, 1992	October 31, 1991
CURRENT ASSETS:		
Cash	$ 49,340	$ 56,160
Accounts receivable, less allowance for doubtful accounts of $31,474 and $19,672 at January 31, 1992 and October 31, 1991 respectively	978,287	915,323
Inventories	1,330,087	1,328,079
Prepaid expenses and other current assets	136,923	185,655
Total current assets	$2,494,637	$2,485,217
FIELD SPARE PARTS, net of accumulated amortization	$2,229,853	$2,317,314
PROPERTY AND EQUIPMENT, at cost:		
Diagnostic and repair equipment	$1,184,510	$1,183,550
Furniture and fixtures	397,165	396,505
Vehicles	70,414	70,414
Leasehold improvements	37,128	31,774
	$1,689,217	$1,682,243
Less: Accumulated depreciation	1,226,929	1,177,891
	$ 462,288	$ 504,352
INVESTMENT IN AFFILIATED COMPANY	$ 33,573	$ -
OTHER ASSETS:		
Goodwill	$ 521,567	$ 532,135
Customer lists	240,216	239,858
Other assets	132,027	125,721
	$ 893,810	$ 897,714
	$6,114,161	$6,204,597

See notes to consolidated financial statements.

DELTA COMPUTEC INC.

CONSOLIDATED BALANCE SHEETS

	(Unaudited) January 31, 1992	October 31, 1991
CURRENT LIABILITIES:		
Notes payable	$ 229,525	$ 117,755
Current portion of long-term debt	399,783	382,438
Accounts payable	549,871	476,063
Deferred service revenue	1,696,932	1,940,860
Accrued expenses		
Payroll and payroll taxes	169,906	153,510
Interest	36,194	29,342
Other	136,944	201,112
Total current liabilities	$3,219,155	$3,301,080
LONG-TERM DEBT	$ 642,215	$ 770,224
CONVERTIBLE DEBENTURES	$1,000,000	$1,000,000
STOCKHOLDERS' INVESTMENT		
Common stock, $ .01 par value; authorized 20,000,000 shares; issued and outstanding, 3,070,825	$ 30,708	$ 30,708
Additional paid-in capital	2,878,215	2,878,215
Accumulated deficit	(1,656,132)	(1,775,630)
Total stockholders' investment	$1,252,791	$1,133,293
	$6,114,161	$6,204,597

See notes to consolidated financial statements.

DELTA COMPUTEC INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended January 31,	
	1992	1991
REVENUES:		
Service revenues	$2,016,590	$1,870,622
Equipment sales	136,734	357,220
	$2,153,324	$2,227,842
COSTS AND EXPENSES:		
Service costs	$1,264,635	$1,165,144
Cost of equipment sold	92,850	279,076
Selling, general and administrative	642,990	660,806
	$2,000,475	$2,105,026
OTHER INCOME (EXPENSE)	$ (32,351)	$ (58,526)
EQUITY IN NET EARNINGS OF AFFILIATE	$ 8,000	$ -
EARNINGS BEFORE INCOME TAXES	$ 128,498	$ 64,290
INCOME TAXES	$ 49,000	$ 24,400
EARNINGS BEFORE EXTRAORDINARY CREDIT	$ 79,498	$ 39,890
EXTRAORDINARY CREDIT Utilization of Net Operating Loss Carry Forward	$ 40,000	$ 22,000
NET EARNINGS	$ 119,498	$ 61,890
	==========	==========
EARNINGS PER COMMON AND COMMON EQUIVALENT SHARE:		
Before extraordinary credit	$ .02	$ .01
Earnings	$ .04	$ .02
EARNINGS PER COMMON SHARE - ASSUMING FULL DILUTION:		
Before extraordinary credit	$ .02	$ .01
Earnings	$ .02	$ .01

See notes to consolidated financial statements.

DELTA COMPUTEC INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended January 31,	
	1992	1991
CASH FLOW FROM OPERATING ACTIVITIES:		
Net earnings before extraordinary credit	$ 79,498	$ 39,890
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Utilization of net operating loss carryforward	40,000	22,000
Depreciation & amortization	232,015	218,036
Decrease (increase) in accounts receivable inventories, prepaid expenses and other assets, net of accounts payable and accrued expenses	(1,570)	(134,851)
Increase (decrease) in deferred service revenue	(232,247)	76,756
Net cash flow from operating activities	$ 117,696	$ 221,831
CASH FLOW FROM INVESTING ACTIVITIES:		
Additions to property and equipment	$ (6,974)	$ (20,699)
Additions to field spare part	(118,648)	(76,753)
Acquisition of businesses (Note 2)	-	(25,000)
Net cash flow from investing activities	$ (125,622)	$ (122,452)
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from borrowing	$ 150,000	$ -
Principal repayments for long-term debt	$ (148,894)	$ (107,471)
Net cash flow from financing activities	$ 1,106	$ (107,471)
NET INCREASE (DECREASE) CASH	$ (6,820)	$ (8,092)
CASH - beginning of year	56,160	53,309
CASH - end of period	$ 49,340	$ 45,217

See notes to consolidated financial statements.

DELTA COMPUTEC INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

Description of Business

The Company primarily provides on-site and depot maintenance services for mini-computer systems and peripheral equipment, laser printers and personal computers. The Company also sells laser printers, laser printer supplies, computer systems and peripheral equipment and spare parts.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary R&M Associates Electronic Data Products Service Inc.. All significant intercompany accounts and transactions have been eliminated in consolidation.

Investment in Affiliated Company

Investments in unconsolidated affiliates are accounted for using th equity method.

Deferred Service Revenue

Service revenue is recognized ratably over the contract period. Deferred service revenue represents billings in advance of the service period.

Inventories

Inventories represent the estimated amount of field spare parts and computer equipment and peripherals held for resale in the normal course of business or expected to be consumed providing service in the next year. These inventories are recorded at the lower of cost or market.

Field Spare Parts

Field Spare Parts are stated at cost and are amortized using the straight-line method over the estimated useful lives (5 years). Accumulated amortization was $1,136,558 and $1,031,683 for period ended January 31, 1992 and October 31, 1991, respectively.

Property and Equipment

Property and equipment are stated at cost and are depreciated using the straight-line method based on estimated useful lives which are as follows:

Description	Estimated Useful Lives
Diagnostic and repair equipment	5 - 7 years
Furniture and fixtures	7 years
Vehicles	3 years
Leasehold improvements	5 -10 years

Maintenance and repairs are charged to expense as incurred. The cost of renewals or betterments that increase the useful lives of the assets is capitalized in the appropriate asset account. The gain or loss on property retired or otherwise disposed of is credited or charged to operations and the cost and accumulated depreciation are removed from the accounts.

Investment Tax Credits

The Company uses the flow-through method of accounting for investment tax credits.

Goodwill

Goodwill, representing the excess of the cost of acquired businesses over the fair value of net assets acquired, is being amortized on a straight-line basis over a ten-year period.

Customer Lists

Customer lists, representing the fair market value of customer lists for businesses acquired, is being amortized on a straight-line basis over a ten-year period.

Earnings Per Share

Earnings per common and common equivalent share are computed based upon the weighted average of common shares outstanding during each year adjusted for dilutive outstanding stock options using the Treasury Stock Method. Earnings per common and common equivalent share assuming full dilution are computed on the assumption that all outstanding convertible debentures were exercised on the issue date. Applicable interest expense was eliminated.

Weighted average common and equivalent shares outstanding for the periods presented were as follows:

	January 31, 1991	January 31, 1990
Weighted average common and equivalent shares	3,222,667	3,110,028
Weighted average common and equivalent shares outstanding assuming full dilution	5,755,112	5,691,028

(2) Acquisitions

In October, 1991 the Company reached an informal agreement to merge its operations in Florida (which are not material to the Company's consolidated financial position) with Systems Automation, Inc. (SAI), a Florida Corporation. SAI provides sales and service for a variety of Network systems and products. Terms of the merger, give the Company a minority interest in the new Joint Venture with the option to purchase the remaining shares at a percentage of revenue.

In October, 1991 the Company acquired the computer maintenance operations of Marketline International, Inc. (MLI), a New Jersey corporation. Terms of the purchase agreement required cash of $17,500 and a promissory note of $45,000. The results of MLI from October 1, 1991 were included in the consolidated financial statements.

In November, 1990 the Company purchased the outstanding common stock of Computer Support, Inc. (CSI), a computer service company for approximately $125,000. Terms of the purchase called for $25,000 in cash at closing and a promissory note of $100,000. The results of CSI from November 1, 1990 are included in the consolidated financial statements.

In June, 1990 the Company acquired the outstanding common stock of R&M Associates Electronic Data Processing Service, Inc. (R&M). R&M is primarily a third party computer maintenance company specializing in the laser printer market. The purchase price was $250,000 (plus acquisition-related costs) with bank debt of approximately $740,000 assumed and paid as a condition of the sale. Terms of the purchase agreement called for $250,000 in cash. Goodwill of $552,000 was recorded in the purchase. The results of R&M from June 1, 1990, were included in the consolidated financial statements.

In June, 1990 the Company also purchased the assets of RTK Computer Services, Inc., a New Jersey corporation. RTK provides third party maintenance service for personal computers. The purchase price was $530,000 (plus acquisition-related costs). Terms of the purchase price called for $1.00 in cash at closing plus assumption of $530,000 in liabilities. The results of RTK from June 1, 1990, are included in the consolidated financial statements.

In September, 1989, the Company purchased the assets of the Computer Maintenance Corporation, Inc. (CMC), a computer service company for approximately $700,000. Terms of the purchase called for $80,000 in cash, assumption of $23,000 in liabilities and a promissory note of $595,000. The results of CMC from September 8, 1989, are included in the consolidated financial statements.

Item 2. Management's Discussion and Analysis of Financial Conditions and Results of Operations

Results of Operations

Operating results for the three months ended January 31, 1992 reflected net earnings of $119,498 or $.04 per share compared to net earnings of $61,890 or $.02 per share for the three months ended January 31, 1991. The improved operating results were primarily due to cost savings achieved from consolidating the Registrants' three New Jersey operations in the third quarter of fiscal 1991, reduced interest expense due to scheduled debt reductions and declining interest rates and its 34% interest in the earnings of the Registrants' new subsidiary SAI/Delta, Inc.

Revenues

Revenues were $2,153,324 for the three months ended January 31, 1992 compared with $2,227,842 for the three months ended January 31, 1991. Revenues decreased $74,518 or 3.5% for the quarter ended January 31, 1992 compared with the quarter ended January 31, 1991. Service revenues increased 7.9% for the three months ended January 31, 1992 compared with the three months ended January 31, 1991. This increase in service revenues was offset by a decline in equipment sales for the three months ended January 31, 1992 compared with the three months ended January 31, 1991, in which several large non-recurring equipment sales were made.

Costs and Expenses

Service costs were $1,264,635 for the three months ended January 31, 1992 compared with $1,165,144 for the three months ended January 31, 1991. Service costs increased $99,491 or 8.5% for the quarter ended January 31, 1992 compared with the quarter ended January 31, 1991. The increase in service costs reflects the incremental costs associated with the increase in service revenue for the period. Service costs as a percentage of service revenue was approximately 62.5% for both periods presented.

Cost of equipment sold was $92,850 for the three months ended January 31, 1992 compared with $279,076 for the three months ended January 31, 1991. This decrease was due to the decline in equipment sales for the period. Cost of equipment sold as a percentage of equipment sales decreased from 78.1% to 67.9% for the three months ended January 31, 1992 compared with the three months ended January 31, 1991. This decrease reflects a low markup on several large equipment sales made during the three months ended January 31, 1991.

Selling, general and administrative expenses were $642,990 for the three months ended January 31, 1992 compared with $660,806 for the three months ended January 31, 1991. Selling general and administrative expenses decreased $17,816 or 2.7% for the quarter ended January 31, 1992 compared with the quarter ended January 31, 1991. This decrease was primarily due to cost savings achieved from consolidating the Registrant's three New Jersey operations in the third quarter of fiscal 1991.

Item 2. (Continued)

Other income (expense) was $(32,351) for the three months ended January 31, 1992 compared with $(58,526) for the three months ended January 31, 1991. Other income (expense) decreased $26,175 or 44.7% for the quarter ended January 31, 1992 compared with the quarter ended January 31, 1991.

Income tax expense was $49,000 for the three months ended January 31, 1992 compared with $24,400 for the three months ended January 31, 1991. The effective income tax rate was 38% for the quarters ended January 31, 1992 over January 31, 1991. The Company recognized an extraordinary credit of $40,000 and $22,000 for the three months ended January 31, 1992 and January 31, 1991, respectively to reflect utilization of a net operating loss carryforward.

Liquidity and Capital Resources

The Company has financed its working capital requirements and capital expenditures from cash flow provided by operations. The company financed debt service for the three months ended January 31, 1992 through short-term borrowings. Cash flow provided from operations for the quarter was $117,696. In February, 1992, the Company received a bank commitment for a secured line of credit and term loan which will enable the company to retire existing bank debt and borrow up to $300,000 for short-term financing. The Company anticipates executing a definitive agreement during the second quarter of fiscal 1992.

Capital expenditures for spare parts and property, plant and equipment were $125,622 for the quarter ended January 31, 1992 compared with $97,452 for the quarter ended January 31, 1991.

Depreciation and amortization expense was $232,015 for the quarter ended January 31, 1992 compared with $218,036 for the quarter ended January 31, 1991.

DELTA COMPUTEC, INC.
PART II
OTHER INFORMATION

Item 6: Exhibits and Reports on Form 8-K

(a) Exhibit 11 - Statement regarding computation of earnings per share

(b) Reports on Form 8-K - None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereto duly authorized.

Dated: March 9, 1992

DELTA COMPUTEC INC.

By: ______________________
L. Rodger Loomis, President,CEO

By: Peter D Smith
Peter D. Smith
Chief Financial Officer

Exhibit 11

DELTA COMPUTEC INC.

CALCULATION OF EARNINGS PER SHARE

	1991	1990
Primary		
Net earnings	$ 119,498	$ 61,890
Average Common Shares Outstanding	3,070,825	3,070,825
Dilutive Effect of Stock Options	151,842	120,203
Weighted Average Shares Outstanding	3,222,667	3,191,028
Earnings Per Common and Common Equivalent Shares	$ .04	$ .02
Assuming Full Dilution		
Net Earnings	$ 119,498	$ 61,890
Add-Reduction in Interest Expense on Debentures	12,543	19,233
Net Earnings Assuming Full Dilution	$ 132,041	$ 81,123
Weighted Average Shares Outstanding	3,222,667	3,191,028
Additional Dilutive Effect Of Stock Options	32,445	-
Dilutive Effect of Shares Applicable To Convertible Debenture	2,500,000	2,500,000
Weighted Average Shares Outstanding	5,755,112	5,691,028
Earnings Per Common Share Assuming Full Dilution	$ .02	$ .01

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

G92-2235

For Quarter ended December 31, 1991 Commission File Number 0-1437

THE FIRST REPUBLIC CORPORATION OF AMERICA
(Exact name of registrant as specified in its charter)

1-30

DELAWARE
(State or other jurisdiction of incorporation or organization)

13-1938454
(I.R.S. Employer Identification No.)

PROCESSED BY
9/9=9
MAR 1 2 1992

302 Fifth Avenue, New York. N Y)1
(Address of principal execu Code)

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Q-Data Corp. - St. Petersburg, FL

Registrant's telephone number, including area code (212) 279-6100

Former name, former address and former fiscal year, if changed since last report:

Indicate by checkmark whether the registrant (1) has filed all reports required to be filed by Sections 13 and 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days:

Yes X No ___

As of February 11, 1992 there were 687,660 shares of common stock outstanding.

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PART I. FINANCIAL INFORMATION

THE FIRST REPUBLIC CORPORATION OF AMERICA

AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31, 1991 (UNAUDITED)	June 30, 1991 (SEE NOTE BELOW)
Assets		
Current Assets		
Cash and Cash Equivalents	$ 402,227	$ 1,553,272
Accounts Receivable	5,980,195	6,565,840
Inventories (Note 2)	5,652,826	5,302,449
Other Current Assets	4,356,769	1,752,294
Total Current Assets	16,392,017	15,173,855
Property, Plant and Equipment	74,695,948	73,629,113
Less: Accumulated Depreciation	27,031,484	25,378,754
Net Properties	47,664,464	48,250,359
Other Assets	19,642,895	20,699,773
TOTAL ASSETS	$ 83,699,376	$ 84,123,987
Liabilities & Stockholders' Equity		
Current Liabilities	$ 18,745,489	$ 18,927,375
Long Term Debt	15,561,540	15,602,284
Other Liabilities and Deferred Credits	6,239,916	6,889,457
Stockholders' Equity:		
Common Stock	1,175,261	1,175,261
Other Stockholders' Equity	41,977,170	41,529,610
Total Stockholders' Equity	43,152,431	42,704,871
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	$ 83,699,376	$ 84,123,987

NOTE: The balance sheet at June 30, 1991 has been taken from the audited financial statements at that date and condensed.

SEE NOTES TO CONDENSED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

THE FIRST REPUBLIC CORPORATION OF AMERICA

AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS
(UNAUDITED)

	Six months ended December 31, 1991	Six months ended December 31, 1990	Three months ended December 31, 1991	Three months ended December 31, 1990
Revenues				
Sales-Textile and Seafood	$12,850,410	$10,378,859	$ 6,102,688	$ 5,124,731
Real Estate and hotel operations	10,971,333	12,137,078	5,271,932	6,078,454
Other	1,496,863	1,199,464	798,030	562,873
Total Revenues	25,318,606	23,715,401	12,172,650	11,766,058
Expenses				
Cost of Sales	12,254,695	10,785,005	5,862,001	5,660,077
Operating-real estate and hotel	4,585,860	5,177,143	2,300,272	2,753,711
Selling, general & administrative	3,048,927	2,835,827	1,548,895	1,398,724
Depreciation and amortization	2,316,141	2,063,667	1,148,509	1,049,997
Real estate taxes	1,201,864	1,188,628	602,878	582,867
Interest	1,436,617	1,408,106	749,680	697,499
Total Expenses	24,844,104	23,458,376	12,212,235	12,142,875
Income(loss)before income taxes and minority interests	474,502	257,025	(39,585)	(376,817)
Income taxes - Expense - Note 3	(261,000)	(434,000)	(51,000)	(88,000)
Minority interests	269,048	263,695	210,040	222,537
Net Income	$ 482,550	$ 86,720	$ 119,455	$ (242,280)
Net income(loss)per share of common stock	$ .70	$ .13	$ .17	$ (.35)
Average shares outstanding	688,142	690,508	687,977	689,843

SEE NOTES TO CONDENSED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

THE FIRST REPUBLIC CORPORATION OF AMERICA

AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
UNAUDITED

	Six Months ended December 31, 1991	Six Months ended December 31, 1990
OPERATING ACTIVITIES		
Income from continuing operations	$ 482,550	$ 86,720
Adjustments to Reconcile Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	2,316,141	2,063,667
Minority Interests' share of Loss in Subsidiaries	(269,048)	(263,695)
Changes in Operating Assets and Liabilities from Continuing Operations:		
Decrease in Accounts and Other Receivables	318,530	1,464,302
(Increase)Decrease in Inventories	(350,377)	485,190
Increase in Other Assets	(96,188)	(666,552)
(Decrease)Increase in Accounts Payable	(839,419)	94,906
Decrease in Other Liabilities	(380,493)	(979,090)
CASH PROVIDED BY CONTINUING OPERATIONS	1,181,696	2,285,448
Cash Used by Discontinued Operations		(68,100)
CASH PROVIDED BY OPERATIONS	1,181,696	2,217,348
INVESTING ACTIVITIES		
Purchases of Property Plant and Equipment	(1,730,246)	(3,041,212)
Investment In and Advances to Partnership	(1,451,409)	
Repayment of Loans from Related Party	2,500,000	5,000,000
Payments Received on Mortgages Receivable	267,115	85,111
NET CASH(USED)PROVIDED BY INVESTING ACTIVITIES	(414,540)	2,043,899
FINANCING ACTIVITIES		
Payments on Mortgages and Notes Payable	(1,692,374)	(2,278,417)
Distribution from Partnership		1,964,000
Principal Payments on Long Term Debt	(190,837)	
Other Financing Activities	(34,990)	(117,849)
NET CASH USED BY FINANCING ACTIVITIES	(1,918,201)	(432,266)
(DECREASE)INCREASE IN CASH AND CASH EQUIVALENTS	(1,151,045)	3,828,981
Cash and Cash Equivalents at Beginning of Period	1,553,272	1,744,073
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 402,227	$ 5,573,054

SEE NOTES TO CONDENSED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

THE FIRST REPUBLIC CORPORATION OF AMERICA

AND SUBSIDIARIES

NOTES TO CONDENSED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated balance sheet as of December 31, 1991, the consolidated statements of operations for the six month periods ended December 31, 1991 and 1990, and the condensed consolidated statement of cash flows for the six month periods then ended have been prepared by the Company, without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows at December 31, 1991 and for all periods presented, have been made.

2. INVENTORIES

	December 31, 1991	June 30, 1991
Work-in process and raw materials	$ 2,337,216	$ 1,980,598
Finished goods	3,315,610	3,321,851
	$ 5,652,826	$ 5,302,449

3. INCOME TAXES

	Six Months Ended December 31,	
	1991	1990
Federal	$ 150,000	$ 150,000
State	111,000	284,000
	$ 261,000	$ 434,000

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Liquidity and Capital Resources (000's ommited)

Working capital at December 31, 1991 increased by approximately $1,400. Although the Company had a deficit in working capital at December 31, 1991 of approximately $2,353, it has sufficient working capital to meet all its requirements. The Company's borrowings against its line of credit ($10,200 at December 31, 1991) are reflected as a current liability. Traditionally, these loans do not have to be repaid during the year, the funds are constantly available and the loans are renewed every year. Net cash provided by continuing operating activities was approximately $1,182. Net cash used for financing activities was approximately $1,918. Net cash of approximately $415 was used by investing activities.

On July 30, 1991, the Company acquired American Midland Corporation's ("AMC") 49.9% partnership interests in two nursing homes located in Jersey City and Whiting, N.J. and, subject to the approval of the Department of Health of the State of New Jersey and other conditions, a 49.9% partnership interest in a third nursing home and a senior citizen residence located in Rochelle Park, N.J. Such approval is presently expected to be forthcoming by the end of March, 1992. The aggregate purchase price (the "Health Care Purchase Price") for these health care interests will be approximately $4,400, including cash of $2,000, and the cancelation of a $2,000 convertible subordinated debenture from AMC, including principal and accrued interest. As a condition of the closing, AMC is required to repurchase a $1,000 convertible subordinated debenture from its Chairman at par, and he, in turn, is required to repay a $1,000 loan to the Company. The purchase of the Jersey City Facility and the Whiting Facility represents 30% of the total Health Care Purchase Price.

The Company currently has a $10,800 line of credit with a New York bank which bears interest at the prime rate and is collateralized by a mortgage on the real estate of the East Newark Industrial Center. A renewal and increase of the line to $12,200 is currently being negotiated with the bank. At December 31, 1991, $10,100 of loans were outstanding and approximately $100 was utilized in connection with a standby letter of credit.

Results of Operations (In Thousands)

Six months ended December 31, 1991 and 1990.

Income before income taxes and minority interests increased $218 from operations. The components are as follows:

	1991	1990	(Decrease) Increase
Real Estate	$3,031	$3,036	$ (5)
Hotel	309	594	(285)
Seafood	(595)	(348)	(247)
Textile	(869)	(2,266)	1397
Corporate	(1,401)	(759)	(642)
	$ 475	$ 257	$ 218

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION - CONTINUED

REAL ESTATE

Revenues decreased $657. Repairs and maintenance expense decreased $368, and there were no other significant variations in any expense category.

HOTEL

Hotel earnings decreased $285 on an approximate 15 percent decrease in revenues.

SEAFOOD

Revenues increased $314, substantially from the sale of shrimp. Earnings decreased $247 for the entire seafood division due primarily to a $578 loss from shrimp operations in Ecuador which had incurred a loss of $248 in the prior year.

TEXTILES

Losses decreased $1,397. Hanora Spinning's earnings increased $199. Hanora South and J & M Dyers incurred combined losses of $728 as compared to last year's losses of $992. Losses are continuing in these operations as a result of the loss of their major customer in fiscal 1990. Whitlock Combing had a $934 decrease in losses due mainly to a 68% increase in commission combing revenues.

CORPORATE

Corporate expense increased $367, and includes a gain from the Giftware operations of $20. The increase is attributable to a $100 increase in interest costs and income of $255 last year from a loan made to a related party.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION - CONTINUED

Three months ended December 31, 1991 and 1990

Loss before income taxes and minority interests decreased $338. The components are as follows:

	1991	1990	(Decrease) Increase
Real Estate	$ 1,303	$ 1,347	$ (44)
Hotel	77	285	(208)
Seafood	(388)	(361)	(27)
Textile	(394)	(1,378)	984
Corporate	(637)	(270)	(367)
	$ (39)	$ (377)	$ 338

REAL ESTATE

Revenues decreased $484. Repairs and maintenance expense decreased $248 and there were no other significant variations in any expense category.

HOTEL

Hotel earnings decreased $208, on an approximate 19 percent decrease in revenues.

SEAFOOD

Losses increased $27, on substantially the same amount of revenues.

TEXTILES

Losses decreased $984. Hanora Spinning's earnings increased $191. Hanora South and J & M Dyers incurred combined losses of $349 as compared to last year's losses of $491. Losses are continuing in these operations as a result of the loss of their major customer in fiscal 1990. Whitlock Combing had a $650 decrease in losses due mainly to a 49% increase in commission combing revenues.

CORPORATE

Corporate expenses increased $367 due to increased operating and interest costs.

PART II. OTHER INFORMATION

ITEM 6. Exhibits and Reports on Form 8-K.

Exhibits: None

Reports: There were no reports on Form 8-K filed during the quarter ended December 31, 1991.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

The First Republic Corporation of America
Registrant

Date: February 20, 1992
/s/
Norman A. Halper
President

Date: February 20, 1992
/s/
Harry Bergman
Treasurer

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SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

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FORM 10-Q

Quarterly Report under Section 13 or 15(d) of the Securities Exchange Act of 1934

4192-2239

For the Quarter Ended March 31, 1992

Commission File Number 0-3125

GENERAL DEVICES, INC.
(Exact name of Registrant as specified in charter)

New Jersey
(State or other jurisdiction of incorporation or organization)

21-0661726
(I.R.S. Employer Identification No.)

207 E. Main Street, Norristown, Pennsylvania 19404
(Address of principal executive offices) (zip code)

Registrant's telephone number, including area code:

215-272-4477

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Not Applicable
Former name, address and former fiscal year, if since last year.

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Q-Data Corp. - St. Petersburg, FL

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ___

The number of shares outstanding of each of the issuer's classes of common stock, as of May 1, 1992:

Common Stock
$.01 Par Value
Shares Outstanding: 4,076,623

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GENERAL DEVICES, INC. AND SUBSIDIARIES

INDEX

Page Number

Part I - Financial Information

Item 1. Financial Statements

Condensed Consolidated Balance Sheet March 31, 1992 (Unaudited) and December 31, 1991 II-4

Consolidated Statement of Operations Three months ended March 31, 1992 and 1991 (Unaudited) II-5

Condensed Consolidated Statement of Changes in Financial Position Three months ended March 31, 1992 and 1991 (Unaudited) II-6

Notes to Condensed Consolidated Financial Statements (Unaudited) II-7

Item 2. Management's Dicsussion and Analysis of Financial Condition and results of Operations II-8

Part II - Other Information

Item 1. Legal Proceedings II-10
Item 2. Changes in Securities II-11
Item 5. Other Information II-11

Item 6. Exhibits and Reports on Form 8-K II-11

'GENERAL DEVICES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	March 31, 1992 (Unaudited)	December 31, 1991 (note)
ASSETS		
Current assets:		
Cash	$ 2,492	$ 55,125
Accounts and notes receivable (net of allowance for doubtful accounts of $5,000 (1992 and $125,000 for 1991)	32,326	331,933
Recoverable taxes	--	--
Prepaid expenses	19,965	39,619
Total current assets	54,774	128,025
Long-term notes receivable	--	--
Land, building and equipment, net	226,456	241,432
Other assets		
Excess of cost over fair value of net assets required (net of accumulated amortization $23,536 (1992) and $28,436 (1991)		--
Unamortized bond issue costs	30,996	53,109
Other assets	183,993	183,954
	214,989	217,103
Total assets	$ 496,219	$ 586,560
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 927,196	$ 939,776
Accounts payable	200,576	155,845
Accrued payroll and payroll taxes	12,440	22,029
Other accrued liabilities	254,777	216,091
Total current liabilities	1,394,989	1,333,741
Long-term debt	131,232	121,317
Other liabilities	337,147	261,546
Minority interest in subsidiary	--	20,752
Total Liabilities	1,863,368	1,737,356
Shareholders' equity:		
Common stock $.01 par value; authorized 10,000,000 shares, issued 4,096,923	40,849	40,849
Capital in excess of par value	1,996,850	1,996,850
Retained earnings (deficit)	(3,343,369)	(3,127,016)
	(1,305,670)	(1,089,317)
Treasury stock at cost, 20,300 shares	(61,479)	(61,479)
Total shareholders' equity (deficit)	(1,367,149)	(1,150,796)
Total liabilities and stockholders equity (deficit)	$ 496,219	$ 586,560

Note: The balance sheet at December 31, 1991 has been taken from the audited financial statements at that date and condensed.

GENERAL DEVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31,	
	1992	1991
Net sales	$ 330,464	$ 334,668
Operating expenses		
Cost of sales	259,262	228,700
Selling, general and administrative	189,702	307,157
Operating profit (loss)	(122,548)	(201,189)
Other income and (expense):		
Interest expense	(42,038)	(43,992)
Accunts receivable discounting costs		
Gain on write off of German accouhts payable	———	(83,309)
Earnings (loss) from continuing operations before income taxes	(164,586)	(161,872)
Provision for (recovery of) income taxes		9,563
Loss from continuing operations	($ 164,586)	($ 171,435)
Discontinued operations:		
Loss from opeations of discontinued operations (less applicable income taxes)	(183,906)	
Gain on the sale of debentures		67,896
	($ 225,944)	($ 103,539)
Net loss per share	$ 0.06	($.03)
Dividends	None	None
Average weighted number of common shares outstanding	4,068,711	3,710,623

The accompanying notes are an integral part of the financial statements.

GENERAL DEVICES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three months Ended March 31, 1992	Three months Ended March 31, 1991
Cash flow from operating activities:		
Net income (loss)	$(348,492)	$ (103,539)
Adjustments to reconcile net income (loss) to net cash flows provided from operating activities		
Equity adjustment for foreign currency translation		(49,800)
Depreciation and amortization	6,199	10,700
Loss on disposal of investments	181,906	--
Write off old German payables	-	(76,621)
Gain on purchase of GDI 13.5% debentures	-	(67,896)
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	955	69,145
Decrease(increase) in prepaid expenses	17,223	14,653
Decrease (increase) in recoverable taxes	-	246,732
Increase (decrease) in accounts payable and accrued expenses	31,416	45,368
Decrease (increase) in other assets	6,431	53,468
Increase (decrease) in other liabilities	51,719	3,065
Total adjustments	295,849	248,814
Net cash provided (used) by operations	(52,643)	145,275
Cash flows from investing activities:		
Capital expenditures	--	(7,182)
Net cash provided (used) by investing activities	--	(7,182)
Cash flows from financing activities:		
Net payments on long-term debt	--	(2,796)
Purchase of GDI 13.5% debentures	--	(3,993)
Dividend paid to minority shareholder of subsidiary company	--	(80,000)
Net cash provided (used) by financing activities	--	(86,789)
Net increase (decrease) in cash and cash equivalents	(52,643)	51,304
Cash and cash equivalents-beginning	55,125	429,580
Cash and cash equivalents-end	2,482	$ 480,884
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	1,565	$ 3,999
Income taxes		13,847

GENERAL DEVICES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

1. Condensed Consolidated Financial Statements

The condensed consolidated balance sheet as of March 31, 1992, the condensed consolidated statement of operations for the three months ended March 31, 1992 and 1991 and the condensed consolidated statement of cash flows for the three months ended have been prepared by the Company without audit. In the opinion of management, all adjustments (which include normal recurring adjustments) necessary to present fairly the financial position at March 31, 1992 and for all periods presented have been made.

Certain information and footnote disclosure normally included in financial statements in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these condensed consolidated financial statements be read in conjunction with the financial statements and notes thereto included in the Company's December 31, 1991 Form 10-K. The results of operations for the period ended March 31, 1992 are not necessary indicative of the operating results for the full year.

2. Shareholders' Equity

During the three months ended March 31, 1992, shareholders' equity decreased due to the following items: net loss of $225,944 along with writeoff of the goodwill asset of MRG Search and Placement after the sale.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of operations

Sales

Net sales in the Company's continuing operations were down 1.3% from that of the same quarter in 1991, due to a 27% decline in the sales in the executive placement business. Even though the technical service business increased 48% overall in the first quarter, the executive placement business was by far a higher dollar sales as well as higher profit business last year. Prospects for further growth in executive recruiting sales were so dim we sold our interest on March 27, 1992. While the remaining domestic technical services business (which represented 47% of total first quarter sales in 1992 and 32% in 1991) is sluggish, there are opportunities for growth in non-defense customers. The Company will place less emphasis on large high volume contracts, which usually yield lower markups, and concentrate on smaller higher yield contracts.

GDI Euroforce, Ltd. was sold in June of 1990 and the Company had no sales overseas in the first quarter of 1991 or 1992. Sales in the Company's foreign operations were $113,000 in the first quarter 1990.

Operating Costs and Expenses

Overall gross margins for the first quarter declined mainly due to higher cost of sales in the executive recruiting business. The gross margin in the technical services business improved in 1992 due to higher markups. Overall selling, general and administrative expenses stayed the same. Overhead in the executive services business stayed about the same also.

The accounting operations staff in our headwquarters office hsas been reduced significantly, as the result of the sale of much of the Company's technical services business and the MRG Search and Placement. Significant cost reductions in the remaining technical services business will result from the elimination of costs for reduction of staff, telephone service, insurance coverage, etc. over the remainder of 1992.

Interest Expense

Accounts receivable discounting costs for the first quarter of 1992 were more than in 1991 because we didn't start doing receivable financing until October 1991. Our only interest was that was due on the $928,000 debentures now outstanding but in default. This interest is being accrued. The only other interest is the interest on, the Norristown headquarters building mortgage.

Income Taxes

There were no provisions made for taxes on income in the first 3 months of 1992.

At December 31, 1991, the Company had net operating loss carryforwards for federal income tax purposes of approximately $2,100,000 and general business credit carryforwards of approximately $100,000. These losses and credits are available to reduce future income taxes, and will expire in various years through 2006.

Liquidity and Capital Reserves

At March 31, 1992 the Company had a negative working capital of ($1,340,215) versus a negative working capital of ($1,192,672) at December 31, 1991, an additional decrease of $147,543 in working capital. Net income or loss for the first 3 months of 1992 amounted to $225,944. The further decrease in working capital resulted primarily from funding of the loss from operations of $164,586 less non cash depreciation and amortization of $6,199, and also the writeoff of the assets resulting from the sale of MRG Search and Placement. Working capital is negative at both December 31, 1991 and March 31, 1992 caused because the Company defaulted on the interest payment due December 1, 1990 on the outstanding debentures which required reclassification to the current debt as of December 31, 1990. The Company did not make the semi annual interest payment on the debentures due June 1, 1991 or on that due on December 1, 1991 either. The face amount of the debentures outstanding as of March 31, 1992 is $928,000.

At March 31, 1992 the Company had no outstanding borrowing with banks. Prompted by the fact that profits in our Search and Placement business all but dried up at the end of 1991 and we could no longer depend on that subsidiary for cash flow help, the Company was forced to arrange other financing. As reported earlier the impractability of arranging high cost "factoring" financing for our small amount of accounts receivable encourgaged management to accept the offer of a principal of the Company, the President, to make loans to the Company on an accounts receivable factoring basis through a company owned by him, but at least ½ the cost as any of the concerns the Company had investigaged would charge. This financing arrangement was used through the 1st quarter of 1992 and still is in place.

As mentioned in previous reports that further infusion of long term capital would be necessary if the Company was to continue in business in 1992 and beyond. The Company has tried vigorously to do just that. The Company could no longer depend on MRG Search and Placement for cash and in fact required our funding help to make their monthly commitments during the 1st quarter. We were forced to "sell" our interest as we could no longer fund the subsidiary much less absorb their losses. On March 27, 1992, GDI and the minority stockholder of MRG sold our stock to two of the employees of MRG. We recorded a substantial loss but stopped a substantial cash drain and most of all a potential obligation we would not be able to meet. We have tried unsuccessfully to sell the Company's headquarters building, as yet we have been striving to sell it for more than the mortgage. We have investigated the possibility of selling the King of Prussia EPA cleanup property but it is virtually worthless until the EPA would give it a clean bill of health. This will be long coming, if ever, as they are still cleaning it up. The Company has been hoping to settle with the German government on our assets held there but with no success. Our auditors wrote the whole asset off as uncollectible as stated in our annual report of December 31,1991. We have been in litigation on this for 13 years.

In addition, to factoring the accounts receivable the principal's (the President of the Company) Company has also in addition advanced the Company $25,000 working capital and taken a mortgage on the EPA ground as collateral.

Long term objectives are to stay in business as small as it is. We have cut our operating overhead down to a maintenance stature, just keeping in business with the few customers we have at present. We will move to small quarters shortly, as we attempt to rent or sell the Company owned building we are in.

Part II - Other Information

Item 1. Legal Proceedings

On January 16, 1991 the German Supreme Court, in a verbal hearing in response to a request for appeal by the German Tax Court, declined to rule on the case and directed that the lower German court verdict be expunged because more consideration should have been given to evidence involving the employment status of the individuals contracted by General Devices, GmbH. The Supreme Court referred the case back to the lower court which is expected to rule again on the case during 1992. Please refer to our 1991 Annual Report to Shareholders for more details on this case.

In July 1991, the Company asked its German legal counsel to propose to the German authorities that they return at least a majority of the funds held in escrow in exchange for possible concessions by the Company. As mentioned above in Part I our German counsel is negotiating a possible settlement with the German Tax authorities currently. There has been no change in the status of other litigation.

Item 2. Changes in Securities
None

Item 5. Other Information
None

Item 6. Exhibits and Reports on Form 8-K
Exhibit I - The sale of GDI's ownership of 51 shares or 51% of MRG Search and Placement, Inc. sold on March 27, 1992. Was reported on Form 8-K attached as an exhibit.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereto duly authorized.

GENERAL DEVICES, INC.

Dated: May 15, 1992

By:
Theodore A. Raymond
President -
Chief Executive Officer

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 and 15(d) of the Securities Exchange Act of 1934

Date of Report	April 10, 1992

GENERAL DEVICES, INC.
(Exact name of registrant as specified in its charter)

New Jersey (State or other jurisdiction of incorporation)	21-0661726 (I.R.S. Employer Identification No.)
207 E. Main Street, Norristown, Pennsylvania (Address of principal executive offices)	19404 (zip code)

Resigtant's telephone number, including area code:

215-272-4477

Not Applicable
(Former name or former address, if changed since last report)

Item 1. Changes in Control of Registrant
None

Item 2. Acquisition or Disposition of Assets

On March 27, 1992, the Company sold its remaining 51 shares of common stock in its majority owned subsidiary, MRG Search and Placement, Inc., a Connecticut based executive search company to two of the search firms employees in exchange for $7,650 and additional payments based on receivables due to MRG Search and Placement, Inc. Those payments could amount to approximately $24,000 in additonal cash payments. The Company did however, forgave intercompany charges and loans which together with the write off on original good will and investment in MRG Search and Placement, Inc. resulted in a net loss to General Devices, Inc. of approximately $155,000.

The effective date of the purchase by the two MRG Search and Placement employees was March 27, 1992.

Item 3. Bankruptcy or Receivership
None

Item 4. Changes in Registrant's Certifying Accountants
None

Item 5. Other Events
None

Item 6. Resignations of Registrant's Directors
None

Item 7. Financial Statements and Exhibits

Included as Exhibit I is a Proforma Statement of Operations for the calendar year 1991 showing the effect of MRG Search and Placement operations in relation to the total operations of General Devices, Inc.

Please refer to the General Devices, Inc. 1991 10-K Annual Report for Balance Sheet Information.

A copy of the Stock Purchase and Sale Agreement is included as Exhibit II.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GENERAL DEVICES, INC.
(Registrant)

April 10, 1992

By: Theodore A. Raymond
President

Exhibits:

Exhibit I - General Devices, Inc. and Subsidiaries Proforma Statement of Operations

Exhibit II - Stock Purchase and Sale Agreement

EXHIBIT I

GENERAL DEVICES, INC. AND SUBSIDIARIES
PROFORMA STATEMENT OF OPERATIONS
For the Year Ended December 31, 1991
(Unaudited)

	Including MRG Search and Placement	MRG Search and Placement Only	Without MRG Search and Placement
Net Sales	$1,539,227	$ 956,975	$ 582,252
Cost of Sales	1,132,116	558,261	573,855
Gross Margin	407,111	398,714	8,397
Selling, general and administrative expenses	1,437,397	393,377	1,044,020
Gain(loss) Operations	(1,030,286)	5,337	(1,035,623)
Other Income (Expense)			
Interest Expense	(137,920)	-0-	(137,920)
W/O of Investments	(722,867)	-0-	(722,867)
Gain - Retire of Bond	209,845	-0-	209,845
Management Fees	-0-	(28,606)	-0-
Other Income (Expense)	$ (650,942)	$ (28,606)	$ (650,942)
Net Loss	$(1,681,228)	$ (23,269)	$(1,686,565)

Note 1
The Proforma Statement of Operations was prepared by Management without audit. Please refer to the General Devices, Inc. year ended December 31,1991 Form 10-K for balance sheet information.

EXHIBIT II

STOCK PURCHASE AND SALE AGREEMENT

THIS AGREEMENT made effective as of the close of business on the 27th day of March, 1992, by and among STEVEN POLAK of Guilford, Connecticut ("Polak"); GENERAL DEVICES, INCORPORATED, a New Jersey corporation with a place of business in Philadelphia, Pennsylvania ("GDI") and, together with Polak, the ("Seller"); GARY KUCHACHIK of Milford, Connecticut ("Kuchachik"), and THOMAS LENGYEL of New Haven, Connecticut ("Lengyel") and, together with Kuchachik, the ("Buyer").

WITNESSETH:

WHEREAS, the Seller is now and for some time, has been the owner in fact and of record of ONE HUNDRED (100) SHARES of the issued and outstanding common stock of MRG SEARCH & PLACEMENT, INC., a Connecticut Corporation having a principal place of business in New Haven, Connecticut (the "Corporation"), held FIFTY-ONE (51) SHARES by GDI and FORTY-NINE (49) SHARES by Polak, which shares are evidenced by the following stock certificates (the the "Certificates"):

SUBSCRIBER	DATE OF CERTIFICATE	CERTIFICATE NO.	NO. OF SHARES
General Devices, Inc.	July 19, 1991	12A	51
Steven Polak	June 29, 1990	5A	10
Steven Polak	June 29, 1990	4A	8
Steven Polak	May 10, 1989	2A	2
Steven Polak	December 5, 1991	13A	23
Steven Polak	April 1, 1991	10A	6

WHEREAS, the aforesaid ONE HUNDRED (100) SHARES of stock represent all of the issued and outstanding shares of stock in the Corporation;

WHEREAS, the Buyer is willing to purchase all ONE HUNDRED (100) SHARES of said stock of the Corporation owned by the Seller and the Seller is willing to sell said ONE HUNDRED (100) SHARES to the Buyer, all upon the terms, considerations, conditions, covenants and agreements hereinafter contained.

NOW THEREFORE, in consideration of the premises and the covenants and agreements hereinafter contained, the parties hereto agree as follows:

1. The Seller agrees to sell, transfer and assign to the Buyer, and the Buyer hereby agrees to purchase the above-described shares of stock of the Corporation owned by the Seller upon the terms and conditions and for the purchase price hereinafter set forth.

2. The Seller represents and warrants (a) that they are the owners in fact and of record of the above-described shares of stock of the Corporation being sold and purchased hereunder; (b) that they have good and marketable title thereto; (c) that they have the right to sell, assign and transfer said ONE HUNDRED (100) SHARES to the Buyer; (d) that said shares are free and clear of any liens, pledges, security interests and encumbrances; and (e) that said ONE HUNDRED (100) SHARES represent one hundred (100%) percent of the total shares of stock of said Corporation presently issued and outstanding; (f) that they are aware of no threatened or pending litigation involving the Company; (g) that rent on the Corporation's offices at 900 Chapel Street, New Haven, Connecticut, has not been paid for February and March, 1992; and (h) that the Corporation was dissolved by forfeiture on October 25, 1991. Said representations shall survive the closing.

GDI only represents and undertakes, as applicable, the following: (a) it is the records keeper for the Corporation; (b) all corporate federal and state taxes due have been paid through December 31, 1991; (c) although the 1991 tax returns have not yet been filed, there are no taxes due at this time; (d) the Corporation's fiscal year ends on December 31; (e) all 1991 tax returns required shall be prepared and filed by GDI not later than September 15, 1992; and (f) all original corporate books and records shall be turned over to Buyers. Said representations shall survive the closing.

Notwithstanding any of the provisions of Paragraph 8 hereof to the contrary, no payments shall be made to Seller until Buyers have received copies of the 1991 corporate state and federal tax returns which have been filed and certified by GDI.

3. The Seller, in consideration of the execution of this Agreement by the Buyer and the payment of the purchase price by the Buyer covenants and represents to the Buyer that: the Corporation will pay all telephone bills received by it prior to closing. Buyers and the Corporation may set off against any sums owed to Sellers under this Agreement the full amount of all telephone bills for usage only, and not including charges for rewiring and moving the service, accrued to the date of Closing, which charges are hereby accepted as the responsibility of Sellers.

8. The parties agree to the following method for handling the proceeds of existing accounts receivable, work in progress, consulting fees and similar payments received by the Corporation:

(a) All sums collected as a result of those accounts receivable or interviews in progress listed on the attached Schedule 8(a) shall be divided among the parties as follows:

(i) The Corporation shall retain fifty (50%) percent of said sum, reduced by the amount, if any, of any negative draw of the originating employee as shown on the books of the Corporation as of the close of business on March 27, 1992.

(ii) The balance shall be divided with GDI to receive fifty-one (51%) percent, and Polak to receive forty-nine (49%) percent.

(b) All sums collected which are net to the Corporation after payment of the temporary consultants, including sums collected for renewal of consultants contracts, as a result of the placement of temporary consultants as listed in the attached Schedule 8(b) shall be divided among the parties as follows:

(i) The Corporation shall retain seventy-five (75%) percent of said sum, reduced by the amount, if any, of any negative draw balances of the originating employee as of the close of business on March 27, 1992.

(ii) The balance shall be divided with fifty-one (51%) percent paid to GDI and forty-nine (49%) percent paid to Polak.

(iii) Payments to Sellers shall be made upon receipt of payments from client Company and shall include all future payments received as a result of the placements listed on Schedule 8(b).

(c) All sums collected as a result of the accounts receivable or work in progress for which Polak is responsible, as listed on the attached Schedule 8(c) shall be divided among the parties as follows:

(i) The Corporation shall not retain any portion of these receipts.

(ii) Polak shall receive seventy-four and one-half (74.5%) percent of such sums.

(iii) GDI shall receive twenty-five and one-half (25.5%) percent of such sums.

4. The total purchase price to be paid by the Buyer to the Seller for said above-described ONE HUNDRED (100) SHARES of stock of the Corporation is FIFTEEN THOUSAND ($15,000) DOLLARS, which shall be divided SEVEN THOUSAND SIX HUNDRED FIFTY ($7,650) DOLLARS to GDI, fifty-one (51%) percent, and SEVEN THOUSAND THREE HUNDRED FIFTY ($7,350) DOLLARS to Polak, forty-nine (49%) percent, which purchase price shall be in paid full at the closing in accordance with Paragraph 6(b) hereof, plus, as additional considerations, payments in accordance with Paragraph 8 hereof to be divided between Polak and GDI as therein specified.

5. The closing shall take place at the offices of Yost & Associates, P.C., Attorneys at Law, Two Whitney Avenue, New Haven, Connecticut, on March 27, 1992, or at such earlier or later date as may be mutually agreed upon by the parties hereto, with the purchase and sale to be effective as of the close of business on March 27, 1992.

6. At the closing:

(a) The Seller shall endorse the Certificates of the Corporation, representing said ONE HUNDRED (100) SHARES of stock of the Corporation and deliver them into escrow in accordance with a Collateral Assignment and Pledge Agreement executed of even date herewith.

(b) The Buyer shall deliver to the Seller a bank or certified check for the sum of FIFTEEN THOUSAND ($15,000) DOLLARS, representing the balance of the purchase price for said ONE HUNDRED (100) SHARES of stock of the Corporation.

(c) The Sellers shall each execute and deliver, or cause to be executed and delivered, to the Buyer, the resignations of Polak, Theodore Raymond, William Raum and James Meneses as Directors, President, Vice-President, Secretary and Treasurer, as the case may be, of the Corporation.

(d) The Sellers shall deliver all original corporate documents to Buyers, including the corporate checkbook with a remaining balance of SIX THOUSAND, FIVE HUNDRED TWENTY-THREE ($6,523) DOLLARS representing the positive draws of J. Culotta and G. Kuchachik.

7. The Buyer hereby agrees that he will use his best efforts to file with the Secretary of State the resignations of the officers and directors tendered in accordance with Paragraph 6(c) hereof no later than fourteen (14) days from the date of closing.

(d) The net proceeds (after deduction of legal fees and costs) of a collection action brought on behalf of the Corporation against New Jersey Municipal Data which has been settled for the amount of TWO THOUSAND FIVE HUNDRED ($2,500) DOLLARS shall be divided with GDI receiving fifty-one (51%) percent and Polak receiving forty-nine (49%) percent.

(e) Any and all tax refunds for the year 1991,and specifically the refund in the amount of EIGHT THOUSAND EIGHT HUNDRED EIGHT ($8,808) DOLLARS due from the Connecticut Department of Revenue Services, received by the Corporation shall be divided with fifty-one (51%) percent paid to GDI and forty-nine (49%) percent paid to Polak and immediately remitted to them when received by Buyer.

(f) All payments due GDI and Polak under this Paragraph shall be made by the Corporation immediately upon its receipt of the funds. Notwithstanding the preceding sentence, if the Corporation has provided its client company with a refund guarantee, then payment to GDI and Polak shall be delayed until the expiration of said guarantee period.

(g) Polak and GDI, or their agents, shall have the right, upon reasonable notice, to review and audit the financial records of the Corporation as long as any payments due under this paragraph remain outstanding.

(h) The Buyers shall pledge the stock of the Corporation purchased in this transaction to Sellers as security for satisfaction of all obligations of the Corporation to Sellers under this Paragraph 8 and shall execute a Collateral Assignment and Pledge Agreement and such other documents as Sellers' counsel may reasonably request in conjunction therewith.

(i) Buyers shall have a right of setoff against sums owed pursuant to this Paragraph 8 only for outstanding telephone charges to the date of closing, and for no other reason. Polak and GDI agree that if a setoff occurs it will be charged to them at the rate of forty-nine (49%) percent against funds due Polak and fifty-one (51%) percent against funds due GDI.

(j) At all times, any and all sums to be paid to GDI and Polak shall be segregated in a separate "trustee" account and not commingled with other funds of the Corporation.

9. As additional consideration for this transaction, the employment Agreement between the Corporation and Polak, dated January 1, 1992, is hereby terminated in all respects. Polak shall retain ownership of the furniture in his office, the computer and peripherals, and the two (2) file cabinets outside his office.

10. The parties acknowledge that Seller shall not provide information, and the Buyer will not make notices, required under the provisions of the Connecticut Bulk Sales Law to the extent that such law has application to the within transaction.

11. Buyer has no knowledge that any of the representations and warranties of the Seller contained herein are untrue or incorrect. Buyer and Seller agree that this Agreement represents the entire agreement between the Seller and the Buyer, supersedes all prior agreements and understandings relating to the subject matter hereof. The Buyer agrees that in executing this Agreement, and consummating the transactions contemplated hereby, he is relying solely upon the terms of the Agreement and is not relying on any other statements of the Seller, or the employees or agents of the Seller not contained herein, nor is the Buyer relying upon any written statement, document or instrument from whomever obtained other than as aforesaid.

12. In the event that any matter of disagreement shall arise between the parties hereto with reference to this Agreement, (whether such disagreement arises before or after the closing), such disagreement shall be promptly settled by arbitration in New Haven, Connecticut, in accordance with the rules then obtaining of the American Arbitration Association. The fees and costs of such arbitration shall be borne and paid for by the parties hereto in equal shares.

13. All notices, requests, demands and other communications hereunder shall be in writing and be deemed to have been duly given if delivered personally to the party for whom intended, or if mailed via U.S. prepaid certified or registered mail, return receipt requested to the Seller at Yost & Associates, P.C., 2 Whitney Avenue, New Haven, Connecticut 06510, Attention Samuel Goodbaum, Esq., or the Buyer at Fazzone, Nuzzo & Baillie, P.C., One Towne Center, Cheshire, Connecticut 06410, Attention Anthony Fazzone, Esq., or at such other addresses as either of the parties may have furnished to the other party in writing in accordance with the requirements of this Paragraph.

14. This Agreement may not be assigned by either party without the written consent of the other and it shall be binding upon the heirs, executors, administrators, successors of the parties hereto.

15. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals this 27th day of March, 1992.

Signed, sealed and delivered in the presence of:

Steven Polak, Seller

GENERAL DEVICES, INC., SELLER

By:

Its

Gary Buchachik, Buyer

Thomas Lengyel, Buyer

MRG SEARCH & PLACEMENT, INC.

By:

Its President

STATE OF CONNECTICUT)
) SS: NEW HAVEN March 27, 1992
COUNTY OF NEW HAVEN)

Personally appeared Steven Polak, signer and sealer of the foregoing instrument, and acknowledged the same to be his free act and deed, before me.

Commissioner of the Superior Court

STATE OF Pennsylvania ~~CONNECTICUT~~)
Montgomery) SS: Norristown ~~NEW HAVEN~~ MARCH 27, 1992
COUNTY OF ~~NEW HAVEN~~)

Personally appeared THEODORE A. RAYMOND, who acknowledged himself to be PRESIDENT of General Devices, Inc., signer and sealer of the foregoing instrument, and acknowledged the same to be his\her free act and deed, and the free act and deed of said Corporation, before me.

NOTARY PUBLIC
~~Commissioner of the Superior~~ Court

STATE OF CONNECTICUT)
) SS: NEW HAVEN March 27, 1992
COUNTY OF NEW HAVEN)

Personally appeared Gary Kuchachik, signer and sealer of the foregoing instrument, and acknowledged the same to be his free act and deed, before me.

Commissioner of the Superior Court

STATE OF CONNECTICUT)
) SS: NEW HAVEN   March 11, 1992
COUNTY OF NEW HAVEN)

Personally appeared Thomas Lengyel, signer and sealer of the foregoing instrument, and acknowledged the same to be his free act and deed, before me.

Commissioner of the Superior Court

STATE OF CONNECTICUT)
) SS: NEW HAVEN   March 27, 1992
COUNTY OF NEW HAVEN)

Personally appeared Steven Polak, who acknowledged himself to be President of MRG Search & Placement, Inc., signer and sealer of the foregoing instrument, and acknowledged the same to be his\her free act and deed, and the free act and deed of said Corporation, before me.

Commissioner of the Superior Court

STOCK1
4038-2

SCHEDULE 8A
MRG - ACCOUNTS RECEIVABLE 3/27/92

Recruiter	Company & Contact	Candidate	Start	Amount
T. Lengyel	Advest Bank-Bill Werner Hartford, CT (1 year replacement guarantee)	Zena Person	3/30	$15,000
G. Kuchachik	Computron-Vinny Renz Rutherford, NJ (90-day refund guarantee)	Barbara Lehman	3/23	$3,500
J. Culotta	GENSTAR-Cary Palmer San Francisco, CA (no guarantee)	Beth Richardson	3/16	$11,400
J. Culotta	GTE-Sparenet-Tom Florio McLean, Vir. Consultant Casi paid in full. MRG retains 50% of markup of $600 Bal to SP & GDI. Prepaid portion of markup 205= 100% to SP & GDI	Casi Co.	Var	$805
J. Culotta	Spectrum Assoc.-Mr. Crane Woburn, MA (no guarantee)	Laurie Leehan		$200
B. Hughes	Emergency Medical Billing Ken Rappaport Livingston, NJ (30-day replacement guarantee)	Russ Huneke	3/23	$1,810
B. Hughes	Nat. Med. Care-Mimi Blair Rockleigh, NJ (60-day repacement guarantee)	John Creegan	3/23	$13,000
J. Culotta	Resultant-Gary Sapington Dan Leipold Silver Spring, MD (no guarantee)	Brian Edminster Mike Suit		$2/hr. $2/hr.

SCHEDULE 8A
INTERVIEWS IN PROGRESS

Recruiter	Company & Contact	Candidate
G. Kuchachik	St. Paul Reinsurance New York, New York Trevor Byrne	Todd Caimosino Sherry Cameron Rick Dejohn Scott Redfern
G. Kuchachik	Cognos Vienna, Vir. Burlington, MA- Steve Schwartz Cincinnati - Joe Renn	Greg Garner Debbie Conci Loretta Dicker
G. Kuchachik	USA Today-Jeff Keduk New York, NY	Cindy Bartlott Jill Infante
G. Kuchachik	Elizabeth Arden Stamford, CT-Gene Smith	David Simmons Diane Esposito Barbara Harris P.J. Clem
G. Kuchachik	Barclay Bank New York, NY Larry Paley	Rich Solarno
G. Kuchachik	Seton-Denny McGowan New Haven, CT	Wayne Cooper Joe Maluzo Quince Brown
G. Kuchachik	Holokrome West Hartford, CT	Hugh Bronson
G. Kuchachik	JP Morgan New York, NY Through Galaxy Personnel Jim Sullivan	Rich Solarno Scott Redfern
G. Kuchachik	JDA Stamford, CT Jim Smith	Barbara Harris
G. Kuchachik	Pilot Pen Trumbull, CT	Jeff Fale Quince Brown
G. Kuchachik	Knogo through Huntington Personnel Ginette Harvey 516-549-8885	Mike Pompano

B. Hughes	Caschem-Paul Klobelen Bayonne, NJ	John Thomas
B. Hughes	GAF- Paul Dixson Wayne, NJ	Cathy Murphy
J. Culotta	GTE-Spacenet- Bill Thompson McLean, Vir. * Through Maxy Assoc. 301-248-6860 Debbie Mathea	Eric McCullough
J. Culotta	CDSI-Harry Yocum Rockville, MD	Dennis Stoner
J. Culotta	Fusion-Joel Collamore Rockville, MD	Jackie McCoy

SCHEDULE
4038-2

SCHEDULE 8B
MRG - CONTRACTS FOR CONSULTANTS 3/27/92

Recruiter	Company & Contact	Consultant	Markup
J. Culotta	Westinghouse-Phil Panus Abingdon, Vir.	Ted Johnson	$6/hr.
J. Culotta	GTE-Spacenet-Tom Florio McLean, Vir.	Cindy Kersey	$12/hr.
B. Hughes	Hoechst Celamese- Alison Preston Sommerville, NJ	Carol Grobels	$15/hr.
G. Kuchachik	Skandia-Leslie Nelson Shelton, CT - Todd Flade	Cliff Russell	$20/hr.
J. Culotta	Fusion-Joel Collamore Rockville, MD	James Donahue	$11.50/hr.

SCHEDB
4038-2

SCHEDULE 8C
STEVEN POLAK'S ACCOUNTS RECEIVABLE - 3/27/92

Company & Contact	Candidate	Start	Amount
Pepsi-Cola-Emmalisa Rossini Sommers, NY (30-60-90-day payment)	Jean Swed	1/9	$13,750
Computron-Vinny Renz Rutherford, NJ (90-day refund guarantee)	Barbara Lehman	1/23	$3,500

SCHEDC
4038-2

DRAW BALANCES AS OF 3/27/92

J. Culotta -	+$2,649
G. Kuchachik -	+$3,874
T. Lengyel -	-$5,100
B. Hughes -	-$ 616

DRAW
4038-2

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SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

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QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF THE

SECURITIES EXCHANGE ACT OF 1934

I92-2239

For Quarter Ended March 31, 1992 Commission File Number 0-12015

HEALTHCARE SERVICES GROUP, INC.

(Exact name of registrant as specified in its charter)

Pennsylvania	23-2018365
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification number)

2643 Huntingdon Pike, Huntingdon Valley, Pennsylvania 19006
(Address of principal executive office) (Zip code)

Registrant's telephone number, including area code: (215) 938-1661

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

YES X NO ____

Number of shares of common stock, issued and outstanding as of May 18, 1992 is 7,742,988

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INDEX

		PAGE NO.
PART I.	FINANCIAL INFORMATION	
	Consolidated Balance Sheets as of March 31, 1992 and December 31, 1991	2
	Consolidated Statements of Income for the Three Months Ended March 31, 1992 and 1991	3
	Consolidated Statements of Cash Flows for the Three Months Ended March 31, 1992 and 1991	4
	Notes to Consolidated Financial Statements	5 to 8
	Management's Discussion and Analysis of Financial Condition and Results of Operations	9 and 10
PART II.	OTHER INFORMATION	11
SIGNATURES		12

Part I. FINANCIAL INFORMATION

HEALTHCARE SERVICES GROUP, INC.
CONSOLIDATED BALANCE SHEETS

	Mar 31, 1992	Dec 31, 1991
	(Unaudited)	(Audited)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 7,638,716	$ 9,759,260
Tax exempt marketable securities, at cost which approximates market	109,534	124,004
Accounts receivable, less allowance for doubtful accounts of $1,678,498 in 1992 and 1991	26,809,749	23,919,583
Prepaid income taxes	1,369,637	1,575,054
Inventories and supplies	3,793,448	3,595,522
Deferred income taxes	3,695,912	3,229,449
Prepaid expenses and other	941,484	695,696
Total current assets	44,358,480	42,898,568
PROPERTY AND EQUIPMENT:		
Laundry and linen equipment	7,774,724	7,177,790
Housekeeping equipment and office furniture	2,772,314	2,528,856
Autos and trucks	188,306	188,306
	10,735,344	9,894,952
Less accumulated depreciation	4,510,333	4,077,892
	6,225,011	5,817,060
INTANGIBLE ASSETS LESS ACCUMULATED AMORTIZATION OF $238,116 IN 1992 AND $220,987 IN 1991	1,267,115	1,284,244
COST IN EXCESS OF FAIR VALUE OF NET ASSETS ACQUIRED LESS ACCUMULATED AMORTIZATION OF $701,491 IN 1992 AND $673,585 IN 1991	2,673,986	2,701,892
CERTIFICATES OF DEPOSIT PLEDGED FOR LOAN GUARANTEES	1,500,000	1,500,000
DEFERRED INCOME TAXES	1,486,217	1,589,407
OTHER NONCURRENT ASSETS	2,439,705	3,599,324
	$59,950,514	$59,390,495
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 1,239,288	$ 1,128,151
Accrued payroll	1,362,077	2,536,423
Accrued and withheld payroll taxes	613,866	557,090
Other accrued expenses	1,067,635	1,759,599
Accrued insurance claims	7,421,005	6,253,096
Total current liabiliites	11,703,871	12,234,359
RESERVE FOR CONTINGENT LOSSES ON PROMISSORY NOTES (Note 3)	1,910,000	1,910,000
COMMITMENTS AND CONTINGENCIES (Notes 2, 3, 4 and 5)		
STOCKHOLDERS' EQUITY		
Common stock, $.01 par value: 10,000,000 shares authorized, 7,742,988 shares issued in 1992 and 7,741,225 in 1991	77,430	77,412
Additional paid-in capital	31,152,884	31,131,858
Retained earnings	15,106,329	14,036,866
Total stockholders' equity	46,336,643	45,246,136
	$59,950,514	$59,390,495

See accompanying notes.

HEALTHCARE SERVICES GROUP, INC.
CONSOLIDATED STATEMENTS OF INCOME

	For the Three Months Ended March 31,	
	1992	1991
	(Unaudited)	(Unaudited)
Revenues	$22,640,747	$19,124,906
Operating costs and expenses:		
Cost of services provided	19,327,918	16,439,977
Selling, general and administrative	1,723,144	1,585,418
Other income:		
Other income (expense)	11,261	(5,618)
Interest income	123,517	188,851
Income before income taxes	1,724,463	1,282,744
Income taxes	655,000	467,225
Net income	$ 1,069,463	$ 815,519
Earnings per common share	$ 0.14	$ 0.10
Weighted average number of common shares outstanding	7,892,797	7,869,039

See acccompanying notes.

HEALTHCARE SERVICES GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Three Months Ended March 31, 1992	1991
Cash flows from operating activities:		
Net Income	$ 1,069,463	$ 815,519
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	478,476	389,783
Deferred income taxes (benefits)	(363,273)	(510,225)
Tax benefit of stock option transactions	5,795	163,545
Changes in operating assets and liabilities:		
Accounts receivable	(2,890,166)	(1,072,483)
Prepaid income taxes	205,417	
Inventories and supplies	(197,926)	(608,540)
Changes to long-term trade notes receivable	1,009,887	1,515,210
Accounts payable and other accrued expenses	(580,827)	(89,044)
Accrued payroll, accrued and witheld payroll taxes	(1,117,570)	(523,787)
Accrued insurance claims	1,167,909	1,042,142
Income taxes payable		(395,412)
Prepaid expenses and other assets	(97,056)	327,360
Net cash provided by (used) in operating activities	(1,309,871)	1,054,068
Cash flows from investing activities:		
Financing arrangement made for client (Note 3)		(1,000,000)
Proceeds from sale of promissory note (Note 3)		1,000,000
Disposals of fixed assets		7,119
Additions to property and equipment	(840,392)	(474,479)
Proceeds from maturities of marketable securities	14,470	1,462,122
Other, net		(85,254)
Net cash provided by (used in) investing activities	(825,922)	909,508
Cash flows from financing activities:		
Proceeds from the exercise of stock options	15,249	361,868
Net cash provided by financing activities	15,249	361,868
Net increase (decrease) in cash and cash equivalents	(2,120,544)	2,325,444
Cash and cash equivalents at beginning of the period	9,759,260	7,364,348
Cash and cash equivalents at end of the period	$ 7,638,716	$ 9,689,792

See accompanying notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1 - Basis of Reporting

The accompanying financial statements are unaudited and do not include certain information and note disclosures required by generally accepted accounting principles for complete financial statements. The balance sheet shown in this report as of March 31, 1992 has been derived from, and does not include, all the disclosures contained in the consolidated financial statements for the year ended December 31, 1991. These statements should be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1991. However, in the opinion of the Company, all adjustments considered necessary for a fair presentation have been included. The results of operations for the three months ended March 31, 1992 are not necessarily indicative of the results that may be expected for the full fiscal year.

Note 2 - Provision at December 31, 1991 for Write-down of Accounts Receivable Due Under Service Agreements Cancelled during the Quarter Ended September 30, 1990

Included in the Consolidated Statements of Income for the year ended December 31, 1991 was a provision of $1,000,000 before income taxes (approximately $600,000 after tax or $.08 per common share) in connection with uncertainties regarding accounts receivable due under service agreements cancelled during the quarter ended September 30, 1990 (See Note 2 of Notes to Consolidated Financial Statements at December 31, 1991), which were obtained as part of the acquisition of American Services Company. The cancellations were by nursing homes managed by groups which acquired control shortly before cancellation. The Company is owed approximately $1,800,000 for services rendered prior to the cancellations which amount is included, after reflecting the $1,000,000 provision, in other assets at March 31, 1992 and December 31, 1991 (see Note 1 of Notes to Consolidated Financial Statements at December 31, 1991). At December 31, 1990 the Company was owed $2,138,000 under these same service agreements, which amount was included in accounts receivable or other assets at that date.

Among the cancellations were one group which controls 26 nursing homes owing the Company in excess of $900,000. The Company and the entity that controls these nursing homes are now in litigation which is in the preliminary stages. Such entities commenced a state court action against the Company for $600,000 plus punitive damages. The Company believes that there are meritorious defenses to such claim and has asserted a counterclaim in the amount of $900,000. The Company does not believe that a final judgment will have a material adverse effect on the financial condition of the Company.

The Company believes it may be able to collect the amounts owed by other groups, approximately $800,000 as of March 31, 1992 and approximately $900,000 as of December 31, 1991.

Although the outcome of the above matters cannot be predicted, the Company believes the reserve is adequate to cover potential losses related to these accounts receivable.

Note 3- Sale of Promissory Notes Receivable and Provision for Contingent Losses on Promissory Notes Sold

In 1991 and 1990 the Company sold to its bank, with recourse, promissory notes receivable at face value of approximately $3,800,000 and $2,500,000, respectively. As of March 31, 1992 approximately $3,000,000 and $1,100,000, respectively and as of December 31, 1991 approximately $3,200,000 and $1,300,000, respectively, of the aggregate amount of the promissory notes sold in each year remained outstanding. All of the promissory notes sold during 1990 and all but one of the promissory notes sold during 1991 represent accounts receivable due to the Company for services rendered. These accounts receivable had been converted to promissory notes prior to their sale to the bank. The Company converted the accounts receivable to interest bearing promissory notes receivable in order to further evidence the amounts owed and to enhance its collection efforts. Certain of the promissory notes are secured by certain assets of the debtors. All of the promissory notes (except the one mentioned in the following paragraph) provide for monthly payments of principal and interest and some are secured by certain assets of the issuers. The Company, pursuant to agreements with its bank, may be required to post substitute collateral if its line of credit from its bank expires or is terminated prior to the promissory notes being paid in full.

In 1991, the Company made arrangements with its bank to provide financing of $1,000,000 to one of its clients for which the Company agreed to guarantee payment. In order for the Company to negotiate maximum security for its guarantee, the Company made the loan directly to the client and simultaneously sold the promissory note receivable to the bank. In addition, among the notes sold during 1991, is a promissory note in the amount of $910,000 which was issued in 1990 by an entity related to this client. On April 22, 1992 a director of the Company, who is not an officer, agreed to purchase these promissory notes (for the full principal amount thereof plus accrued interest) without recourse to the Company, upon a request by the bank that the Company post substitute collateral. Any such purchase would include the assignment of the collateral pledged as security. The Company entered into this agreement (which was approved by the Board of Directors) with the director in order to protect its interests with respect to these promissory notes. The director is engaged in the operation of nursing homes. Although the Company believes that it will not incur any financial loss as a result of these promissory notes, it has, as of December 31, 1991 and March 31, 1992, established a reserve for contingent losses in the amount of $1,910,000 with respect thereto. The borrower of the $1,000,000 financing used the proceeds to fully fund the purchase price for their acquisition of the client. The equity method of accounting has been used to value the collateral held as security for these promissory notes, which, as a consequence of losses incurred by the client after the closing date of the transaction has resulted in the Company providing a reserve for the total unpaid amount of the promissory notes as of December 31, 1991 and March 31, 1992.

The total outstanding amount of promissory notes receivable of $4,500,000 as of December 31, 1991 and $4,100,000 as of March 31, 1992 include approximately $3,400,000 of final payments which are due prior to June 30, 1992. It is anticipated that the final payments will be extended by the bank and the Company will continue to be contingently liable until the amounts are paid in full.

Note 4- Litigation

Three separate purported civil class actions were filed on September 27, 1991, March 10, 1992 and March 20, 1992 against the Company, certain directors who are also executive officers of the Company, and in two of the actions against another defendant, in the United States District Court for the Eastern District of Pennsylvania. The several plaintiffs in all three actions claim to be the purchasers of 850 shares of the Company's stock in the aggregate. The several actions seek damages and claim that the defendants violated certain Federal securities laws by furnishing allegedly false and misleading financial information in the Company's financial reports during the several class periods and one or more of the actions allege that the Company failed to disclose that potential claims exist arising out of transactions which may not be fully reimburseable to the Company's clients by third party insurance providers. There are also claims of violations of common law duties. The Company intends to vigorously defend against these three actions. The ultimate outcome of these lawsuits is not known at the present time. Accordingly, no provision for any liability that might result has been made in the accompanying consolidated financial statements of the Company. The Company anticipates that it may incur substantial legal expenses in order to defend the actions and such costs will be expensed as incurred.

The Securities and Exchange Commission is conducting a non-public investigation with respect to the period from September 1989 with respect to certain matters, including the Company's financial statements, financial condition and results of operations. The Company has been cooperating fully on a voluntary basis with such inquiry.

Note 5- Contingencies

In 1988, the Company acquired a 19.5% interest in T.L.C. St. Petersburg, Inc. ("TLC"), an entity which owns and operates a long-term care facility in Florida and which is a client of the Company. The Company has guaranteed $1,500,000 at both March 31, 1992 and December 31, 1991 of working capital loans of TLC and has pledged equal amounts of certificates of deposit as collateral for the guarantee (which are listed as Certificates of Deposit Pledged for Loan Guarantees in the accompanying balance sheets at both March 31, 1992 and December 31, 1991). In addition, the Company has guaranteed notes payable of approximately $1,700,000 of TLC. TLC has made all required principal and interest payments due under the terms of these loans through March 31, 1992.

TLC is currently operating at a break-even point but may require additional financing. TLC is actively seeking refinancing in order to assist in the ultimate sale of the facility. The Management of the Company believes that TLC's underlying asset values are sufficient to satisfy the debt of its secured creditors and that the Company will not be required to fund any of the guarantees discussed above. Accordingly, no provision for this contingency had been made in the accompanying financial statements at March 31, 1992 and December 31, 1991. However, because of TLC's uncertain financial condition, the Company has reserved $636,000 at both March 31, 1992 and December 31, 1991 against advances to and receivables from TLC.

The Company has entered into a limited loan guarantee for the benefit of an unaffiliated client in the amount of $700,000 which expires on November 15, 1992. The Company believes that the borrower has sufficient assets to repay the obligation and it does not expect to be required to fund any obligation under the terms of the guarantee.

The Company has a $15,000,000 bank line of credit on which it may draw to meet short-term liquidity requirements or for other purposes. Amounts drawn under the line are payable upon demand. At both March 31, 1992 and December 31, 1991 there were no borrowings under the line. However, the Company, during 1991 and 1990, sold promissory notes receivable of approximately $3,800,000 and $2,500,000, respectively, to its bank with recourse. At March 31, 1992 and December 31, 1991, the unpaid balance of the promissory notes receivable sold was approximately $4,100,000 and $4,500,000, respectively (see Note 9 of Notes to Consolidated Financial Statements at December 31, 1991). In addition, at both March 31, 1992 and December 31, 1991 the Company had outstanding approximately $6,200,000 of irrevocable standby letters of credit, which primarily relate to payment obligations under the Company's insurance program. Both the promissory notes receivable sold and letters of credits issued reduce the amount available under the line by approximately $10,300,000 at March 31, 1992 and $10,700,000 at December 31, 1991.

PART I.

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the financial statements and notes thereto.

RESULTS OF OPERATIONS

Revenues for the first quarter of 1992 increased by 18.4% over revenues in the corresponding 1991 quarter. The following major factors contributed to the increase in revenues: service agreements with new clients in existing geographic areas increased revenues 12.8%; new services to existing clients in currently serviced geographical areas increased revenues .5%; geographic expansion increased revenues 6.6%; gross profit recognized for prior year laundry installation sales increased revenues .7%; and cancellations and other minor changes decreased revenues 2.2%.

Cost of services provided as a percentage of revenues decreased to 85.4% in 1992 from 86.0% in 1991. The primary factors affecting the decrease and their impact on the .6% changes in cost of services provided as a percentage of revenue are as follows: decrease in labor costs of 1.5%; decrease in health insurance and employees benefits of .9%; and offsetting these decreases was a 1.7% increase in the cost of housekeeping and laundry supplies.

Selling, general and administrative expenses decreased to 7.6% (as a percent of revenue) in 1992 from 8.3% in 1991. The favorable results reflect the Company's ability to control these expenses while comparing them to a greater revenue base.

Liquidity and Capital Resources

At March 31, 1992 the Company had working capital of $32,654,609 which represents a minor increase over December 31, 1991. Working capital continues to increase, reflected principally in higher accounts receivable as a result of the Company's 18.4% increase in revenues. The Company's current ratio at March 31, 1992 was 3.8 to 1 compared to 3.5 to 1 at December 31, 1991.

The net cash used in the Company's operating activities was $1,309,871 for the period ended March 31, 1992. The component of working capital that required the largest amount of cash was accounts receivable, which increased by $2,890,166. The increase resulted from the continued growth in the Company's revenues which increased by 18.4% and the timing of collections.

The Company expends considerable effort to collect the amounts due for its services on the terms agreed upon with its clients. Many of the Company's clients participate in programs funded by federal and state governmental agencies which historically have encountered delays in making payments to its program participants. Whenever possible, when a client falls behind in making agreed upon payments, the Company converts the unpaid accounts receivable to interest bearing promissory notes receivable. The promissory notes receivable provide a means by which to further evidence the amounts owed, provide a definitive repayment plan and therefore may enhance the ultimate collectibility of the amounts due. In some instances the Company obtains a security interest in certain of the debtor's assets. Historically, the Company has incurred only minor losses related to uncollected accounts receivable and promissory notes receivable. Certain of the Company's promissory notes receivable have been sold to its bank (see Note 9 of Notes to Consolidated Financial Statements at December 31, 1991).

The Company has a $15,000,000 bank line of credit on which it may draw to meet short-term liquidity requirements in excess of internally generated cash flow. Amounts drawn under the line are payable upon demand. At March 31, 1992, there were no borrowings under the line. However, at such date, the amount available under the line had been reduced by approximately $10,300,000 as a result of contingent liabilities of the Company to the lender relating to letters of credit issued for and guarantees of promissory notes receivable sold by the Company.

At March 31, 1992, the Company had $7,748,250 of cash, cash equivalents and tax exempt marketable securities, which it views as its principal measure of liquidity.

Three separate purported civil class actions were filed in late 1991 and early 1992 against the Company. The several actions claim that the defendants violated certain Federal Securities Laws by furnishing allegedly false and misleading financial information in the Company's financial reports during the several class periods. The Company is vigorously contesting the three lawsuits. The Company anticipates that it may incur substantial legal expenses in future periods in order to defend the actions and such costs will be expensed as incurred. No specific amount of damages has been claimed in any of these actions which will involve numerous legal and factual issues and significant uncertainties and discovery. Accordingly, a reliable estimate of the amount of potential damages to the Company cannot be made at the present time. However, defense costs and any potential settlement or judgement costs associated with this litigation will adversely affect the Company's liquidity (See Form 10-K for the year ended December 31, 1991- Item 3. Legal Proceedings and Note 11 of the Notes to the Consolidated Financial Statements at December 31, 1991).

Subject to the substantial legal expenses which may be incurred in connection with the three purported class action lawsuits discussed above, the Company has no specific material commitments for capital expenditures and believes that its cash from operations, existing balances and available credit line will be adequate for the foreseeable future to satisfy the needs of its operations and to fund its continued growth. However, if the need arose, the Company would seek to obtain capital from such sources as long-term debt financing or equity financing.

PART II. Other Information

Item 1. Legal Proceedings. None

Item 2. Changes in Securities. None

Item 3. Defaults under Senior Securities. None

Item 4. Submission of Matters to a Vote of Security Holders. Not Applicable

Item 5. Other Information.

a) None

Item 6. Exhibits and Reports on Form 8-K.

a) Exhibits - None

b) Reports on Form 8-K

The Company filed on or about March 13, 1992 a report on Form 8-K pursuant to Item 5 - Other Events.

The Company filed on or about April 2, 1992 a report on Form 8-K pursuant to Item 5 - Other Events.

The Company filed on or about April 22, 1992 a report on Form 8-K pursuant to Item 5 - Other Events.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant had duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HEALTHCARE SERVICES GROUP, INC.

May 19, 1992
Date

DANIEL P. McCARTNEY
Director, President and
Chief Executive Officer

May 19, 1992
Date

Thomas Cook
THOMAS A. COOK
Director, Executive Vice
President, Chief Financial
Officer and Secretary

May 19, 1992
Date

Richard W. Hudson
Vice President- Finance
and Controller

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

J92-2239

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 or 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended January 31, 1992 Comm. File No. 0-3223

INFORMATION INTERNATIONAL, INC.

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Delaware IRS No. 04-2301049

5933 Slauson Avenue
Culver City, California 90230
(310) 390-8611

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to the filing requirements for at least the past 90 days. Yes_x_No___.

Indicate the number of shares outstanding on each of the issuer's classes of common stock, as of February 17, 1992:

Common stock $.25 par value	2,339,076

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MAR 18 1992

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Part I - Financial Information
Item 1. Financial Statements

The condensed consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. These condensed financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company's latest annual report on form 10-K.

The information furnished herein reflects all adjustments which are, in the opinion of Management, necessary for a fair statement of the results for the interim periods presented. These adjustments are of a normal and recurring nature. The results of the first nine months of the year are not necessarily indicative of results to be expected for the entire year. The consolidated statement of income is shown on the next page.

Part I - Financial Information (continued)

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	For The Three Months Ended		For The Nine Months Ended	
	Jan.31,1992	Jan.31,1991	Jan.31,1992	Jan.31,1991
Total revenues	$6,239,823	$8,825,508	$16,012,380	$27,218,592
Cost of revenues	3,382,695	4,550,707	9,022,700	14,164,072
Gross profit	2,857,128	4,274,801	6,989,680	13,054,520
Operating expenses:				
Marketing & selling expenses	1,170,591	1,478,218	3,937,179	4,939,954
General & administrative expenses	1,141,728	1,111,554	3,194,870	3,153,984
Customer support expenses	435,335	576,013	1,518,375	1,735,664
Research & development expenses	1,168,640	1,276,964	3,553,686	3,819,902
Income (Loss) from operations	(1,059,166)	(167,948)	(5,214,430)	(594,984)
Interest & dividend income, net	328,539	390,935	1,069,457	1,205,011
Other (expense) income	(9,860)	10,507	(356)	26,343
Income (Loss) before provision for income taxes	(740,487)	233,494	(4,145,329)	636,370
Provision for income taxes (benefit)	(281,000)	89,000	(1,575,000)	242,000
Net Income (Loss)	($459,487)	$144,494	($2,570,329)	$394,370
Earnings (Loss) per share	($.20)	$.06	($1.10)	$.17

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	January 31, 1992	April 30, 1991
Current assets:		
Cash	$234,338	$222,685
Short-term investments	7,683,686	4,805,766
Accounts receivable, net of reserve of $464,495 at January 31, 1992 and $566,638 at April 30, 1991	2,699,755	5,018,505
Inventories	6,907,563	7,791,090
Prepaid expenses	449,788	614,008
Deferred tax benefit	1,053,450	---
Total current assets	19,028,580	18,452,054
Investments, notes receivable and other	9,712,372	12,732,448
Fixed assets, at cost:		
Leased equipment	337,273	220,686
Office and manufacturing facility	2,453,312	2,453,312
Equipment and leasehold improvements	7,993,170	7,957,317
	10,783,755	10,631,315
Less: accumulated depreciation and amortization	(8,339,518)	(7,716,912)
Subtotal	2,444,237	2,914,403
Total assets	$31,185,189	$34,098,905
Current liabilities:		
Accounts payable	$620,609	$1,467,265
Customer advances	3,764,581	1,854,925
Accrued liabilities:		
Deferred income taxes	---	745,869
Payroll and vacation pay	1,963,575	1,993,594
Employee benefits	---	150,000
Dividend declared	---	266,249
Other	264,432	251,407
Total current liabilities	6,613,197	6,729,309
Deferred income taxes	456,000	456,000
Shareholders' equity:		
Common stock $.25 par value Authorized 9,000,000 shares Outstanding 2,339,076	707,282	707,282
Additional paid-in capital	13,357,795	13,357,795
Treasury shares	(5,465,328)	(5,465,328)
Cumulative translation adjustment	42,402	12,379
Retained earnings	15,473,841	18,301,468
Total shareholders' equity	24,115,992	26,913,596
Total liabilities and shareholders' equity	$31,185,189	$34,098,905

The accompanying notes are an integral part of these balance sheets.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	For the nine months ended	
	January 31, 1992	January 31, 1991
Cash flows from operating activities:		
Net income (loss)	(2,570,329)	394,370
Adjustments to reconcile net income (loss) to net cash provided by operations:		
Depreciation and amortization	622,100	980,254
Loss (gain) on sale/disposal of equipment	(1,562)	157,999
Issuance of treasury stock	---	150,000
Changes in assets and liabilities:		
Receivables, net	2,318,750	(36,665)
Inventories	883,527	1,260,329
Prepaid expenses	164,220	(231,109)
Deferred tax benefit	(1,053,450)	---
Accounts payable	(846,656)	(725,670)
Customer advances	1,909,656	(1,684,242)
Accrued liabilities	(1,179,112)	(547,829)
Cumulative foreign translation adjustment	30,023	140,659
Net cash provided by (used in) operating activities	277,167	(141,904)
Cash flows from investing activities:		
Net change in short-term investments	95,478	4,132,530
Purchases of investments, net	---	(3,517,969)
Proceeds from sale of investments	46,678	70,512
Expenditures for capital equipment	(151,322)	(383,258)
Proceeds from sale of capital equipment	950	9,846
Net cash provided by (used in) investing activities	(8,216)	311,661
Cash flows from financing activities:		
Payment of cash dividends	(257,298)	(255,357)
Net cash used in financing activities	(257,298)	(255,357)
Cash increase (decrease) for the period	11,653	(85,600)
Cash at the beginning of the period	222,685	277,358
Cash at the end of the period	$234,338	$191,758
Supplemental disclosure of cash flow information:		
Income taxes paid	$222,465	$251,966
Common stock issued to ESOP	---	$150,000

The accompanying notes are an integral part of these financial statements.

Part I - Financial Information (continued)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Summary of Accounting Policies

Reference is made to Note 1 and Note 2 of the Notes to Consolidated Financial Statements contained in the 1991 Annual Report to shareholders filed as an exhibit to the Company's Form 10-K for the year ended April 30, 1991 for a summary of accounting policies, including information on principles of consolidation, inventories, property and depreciation, revenues, translation of foreign currencies and income taxes.

Inventories at January 31, 1992 and April 30, 1991 are as follows:

	January 31, 1992	April 30, 1991
Raw materials and supplies	$2,625,825	$3,611,152
Work in process	4,281,738	4,179,938
	$6,907,563	$7,791,090

Earnings per share for the periods ended January 31, 1992 and 1991 are based upon the weighted average number of shares outstanding, 2,339,076 for the three and nine-month periods ended January 31, 1992, and 2,321,429 and 2,316,212 for the three and nine-month periods ended January 31, 1991, respectively. Stock options granted are common stock equivalents; however, they are excluded in the computation of loss per share as their inclusion would be anti-dilutive.

Dividends in the amount of 11 cents per share were paid during each of the fiscal quarters ending 7/31/91, 7/31/90, 1/31/92 and 1/31/91.

In February 1992, the Financial Accounting Standards Board (FASB) issued FASB Statement No. 109, Accounting for Income Taxes. That Statement supersedes both Accounting Principles Board (APB) Opinion No. 11, which the Company currently follows, and FASB Statement No. 96, both titled Accounting for Income Taxes. Adoption of Statement 109 is required for fiscal years beginning after December 15, 1992, with early adoption permitted. The Company plans to adopt the new standard no later than fiscal year ending April 1994 on a prospective basis. Management does not expect that adoption of the new standard will have a material effect on the Company's financial position or results of operations.

2. Short-Term Investments

Short-term investments at January 31, 1992 consisted of: Treasury Notes of $1,998,377; Federal Government Agency Notes of $842,199; and corporate commercial paper of $4,843,110. At April 30 1991, short-term investments consisted of: Treasury Notes of $994,063; Federal Government Agency Notes of $1,312,525; and corporate commercial paper of $2,499,178.

3. Investments and Notes Receivables

At January 31, 1992, long-term investments consisted of: Treasury Notes of $3,971,337; Federal Home Loan Notes of $3,953,754; Federal National Mortgage Notes of $1,400,365; and corporate commercial notes of $381,916. At April 30, 1991, long-term investments consisted of Treasury Notes of $4,975,652; Federal Home Loan Notes of $3,953,754; Federal National Mortgage Notes of $1,400,365 and corporate commercial notes of $2,349,298.

4. Shareholder's Rights to Purchase Information International, Inc. Common Stock

The company has provided notice to shareholders that on September 11, 1990, it declared a dividend of common stock right (the "Rights") for each outstanding share of Information International, Inc. common stock held by shareholders of record on September 11, 1990.

Initially, the Rights will not be exercisable and certificates will not be sent to shareholders. The Rights will automatically trade and be transferable with the Common Stock. The Rights become exercisable and separately transferable on the occurrence of certain events as defined in the Rights Agreement such as an increase in the number of shares held by an existing shareholder with more than 10% ownership or a new shareholder who acquires 10% or more of the outstanding shares.

The Shareholder's Rights Agreement will expire December 31, 1995 unless such date is extended by action of the Board of Directors or unless such Rights are earlier redeemed by the Board. The Rights Agreement cannot be extended beyond August 14, 2000.

Part I. Financial Information
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

MANAGEMENT'S ANALYSIS OF QUARTERLY INCOME STATEMENTS.

Comparing Third Quarter Fiscal 1992 with Third Quarter Fiscal 1991

The total revenue for the third quarter of fiscal 1992 declined by $2,586,000 when compared to the third quarter of fiscal 1991. Major System sales, PC/Front-End Systems, Field Service and Miscellaneous revenue have all decreased due to the lower placement and acceptance of Major System sales and the peripheral revenue activities associated with these sales.

Total gross profit margin percent for fiscal 1992 third quarter was 45.8%. This was a 2.6 percentage point decrease in margin when compared to fiscal 1991 third quarter. The decrease in margin percentage was primarily due to lack of Major System and PC/Front-End System sales during the third quarter of fiscal 1992. Total gross margin dollars of $2,857,000 for the third quarter of this year was $1,418,000 lower than the third quarter in fiscal 1991.

Total third quarter operating expenses decreased by $526,000 to $3,916,000 when compared to last year's third quarter. Marketing, Customer support and R&D expense areas were all reduced in response to lower revenues for the quarter.

Interest and other income decreased by 20.6% or $83,000 when compared to the third quarter in fiscal 1991. This reduction was due to a slight decrease in investable funds combined with a lower interest rate. Due to the lack of sales in the third quarter of this fiscal year, the Net loss was $459,000 which compared to a year earlier profit of $144,000.

Part I. Financial Information
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

MANAGEMENT'S ANALYSIS OF QUARTERLY INCOME STATEMENTS.

Comparing First Nine Months of Fiscal 1992 with First Nine Months Fiscal 1991

The total revenue in the first nine months of fiscal 1992 was $16,012,000 which was a 41.2% decrease when compared to the first nine months in fiscal 1991. The primary reason for the decrease in total revenue was due to sales declines in Major Systems, Major System Rentals, Field Service and Miscellaneous revenue. Major Systems Sales declined by 61.4% when compared to last year due to the state of the economy and the reluctance of our customers to invest in capital expenditures. Field Service and Major System Rental revenue declined by $414,000 and $268,000, respectively, due to equipment rental returns. Miscellaneous revenue decreased by 44.9% due to a decline in purchases of upgrades and spare part sales for existing equipment. Decreases in the above mentioned categories were partially offset by $256,000 increase in PC/Front-End System sales.

The total gross profit margin as a percent of revenue was 43.7% for the first nine months in fiscal year 1991 which is a decrease of 4.3 percentage points when compared to last year. Due to the lack of sales volume, all revenue categories' margin dollars have decreased except for P/C Front-End Systems and Major System Rentals. Total margin dollars for the first nine months was $6,990,000 in fiscal 1992 as compared to $13,055,000 in fiscal 1991.

Total Operating expenses for fiscal 1992 were $12,204,000 which was a $1,445,000 reduction in expenses when compared to the first nine months in fiscal 1991. Marketing, Customer Support and R&D expenses have been reduced due to a consolidation of the workforce combined with a decrease in non-labor expenses. General and Administrative expenses have remained relatively flat with only a 1.3% increase over the prior year.

The first nine months of fiscal 1992 showed a 13.2% decrease in interest and other income as compared to last year. This $162,000 decrease was due to a decline in investable funds.

Net loss for the first nine months for fiscal 1992 was $2,570,000 or $1.10 per share. Net Income for the first nine months for fiscal 1991 was $394,000 or 17 cents per share. This reduction in net income was primarily due to 41.2% decline in sales revenue combined with a slight drop in gross margin partially offset by the reduction in operating expenses.

Net working capital in the first nine months of fiscal 1992 was $12,415,000 as compared to $11,920,000 for the last fiscal year. The net working capital increase was due to the movement of long term investments to short term. The Company has been able to meet all cash requirements during the first nine months with funds generated internally. The Company is not aware of any pending cash requirements or capital commitments which would adversely affect its liquidity or capital resources.

Part II - Other Information

Item 1 - Legal Proceedings - Reference is made to Part I, Item 3 of the Company's 1991 Annual Report on Form 10-K for legal proceedings.

Item 2 - Changes in Securities - None

Item 3 - Defaults Upon Senior Securities - None

Item 4 - Submission of Matters to a Vote of Security Holders

At the annual meeting of Shareholders held on August 21, 1991, the following matters were approved by a vote of security holders.

1. Election of Directors listed below:

Joseph E. Engelberger
Ralph S. Roth
Charles Ying

For: 1,786,014 Withheld: 30,942 Abstained/No Vote: 211,458

2. Adoption of an Employee Stock Purchase Plan

For: 1,941,247 Against: 30,886 Abstained/No Vote: 56,281

Item 6 - Exhibits and Reports on Form 8-K

(a) Not applicable
(b) Registrant did file a report on form 8-K during the first nine months of fiscal 1992.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INFORMATION INTERNATIONAL, INC.

T. N. Taugner,
Vice President Finance

March 9, 1992

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

K92-2235

For the Quarter Ended March 31, 1992

Commission File No. 0-18995

INTERLINE RESOURCES CORPORATION
(Exact name of Registrant as specified in its charter)

Utah
State or other jurisdiction of
incorporation or organization

87-0461653
(I.R.S. Employer Identification No.)

175 West 200 South, Suite 2004, Salt Lake City, Utah 84101
(Address of principal executive offices)

15 - 15 - X
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(801) 328-1606
s telephone number, including area code

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Q-Data Corp. - St. Petersburg, FL

NA
Former name, former address, and former fiscal year, if changed since last report.

Common Stock outstanding at March 31, 1992 — 7,804,571 shares
of $.005 par value Common Stock.

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934, during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
(1) Yes X (2) X

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PART I — ITEM 1
FINANCIAL STATEMENTS

The condensed financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading.

In the opinion of the Company, all adjustments, consisting of only normal recurring adjustments, necessary to present fairly the financial position of the Company as of March 31, 1992, have been made. The results of operations for such interim period is not necessarily indicative of the results to be expected for the entire year.

ITEM 2
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AD RESULTS OF OPERATIONS

General

The following discussion should assist in an understanding of the Company's financial position at March 31, 1992, the end of the first quarter of its fiscal year. Interline Resources Corporation (the "Company") is a Utah corporation with its principal and executive offices at 175 West 200 South, Suite 2004, Salt Lake City, Utah 84101. The Company does business in the oil and gas industry and engages in the operation and construction of natural gas gathering and pipeline facilities, the operation of a natural gas processing plant, and the operation, production and sale of crude oil and natural gas.

Acquisition of Interline Natural Gas Inc.

On February 29, 1992, the Company acquired Interline Natural Gas, Inc. in a merger transaction. ("ING") In connection with the merger transaction, ING merged into Northcut Energy, Inc., the wholly-owned subsidiary of the Company, in exchange for 2,258,333 shares of the Company's common stock, promissory notes in the amount of $300,000 payable by the Company to the shareholders of ING and a 19.60% interest in the Hat Creek Partnership.

ING owned a 1% General Partnership interest in the Well Draw Gas Plant partnership and was the operating entity of the Well Draw Plant. ING also owned a low pressure natural gas gathering, compression and dehydration system located near Roosevelt Utah, in the Monument Butte area. The systems present configuration consisting of a natural gas gathering system with an approximate 26,136 foot long main trunk line and 31,353 feet of lateral lines connected to approximately 30 wells. The purchase of the system also included the various natural gas purchase contracts, natural gas and related products sales contracts and transportation contracts.

ING also owned a 20.4% interest in the Hat Creek General Partnership and was the managing general partner. With the merger of ING into the Company, the 3 majority shareholders of the Company have sold, conveyed and transferred all of the oil and gas interests and assets owned by ING into the Company.

Acquisition of Normandy Oil and Gas Company, Inc. Oil Wells

On March 6, 1992, the Company purchased working interests in 12 oil and gas wells located in the Monument Butte area near the ING gathering system for a total purchase price of

$300,000. Funding of the purchase came from the proceeds of a $550,000 SBA loan the Company obtained in connection with the purchase. In acquiring the wells, the Company became the operator of 11 of the wells. The Company additionally entered into a lease of the gathering system connected to the wells, and has connected the system into the ING gathering system. As of the date of this report, the Company had no independent operating history, reserve data or projections concerning the production, income and expenses associated with the operation and ownership of these wells, because the wells had been shut-in.

Results of Operations

With the acquisition of Interline Natural Gas Inc., the Company receives revenues from its 100% ownership of the Well Draw Gas Plant, its 100% ownership of the Monument Butte system and its 20.4% partnership interest in the Hat Creek General Partnership. The results of the Company's operations for the quarter ended March 31, 1992 are presented below. Because the acquisition of the Monument butte system occurred effective Feb 29, 1992, only one month's operations are shown.

Volumes and Revenues:	Three Months Ended March 31,	
Well Draw Gas Plant	1992	1991
Total residue sold (Mcf)	90,093	96,121
Average sales price	$1.412	$1.436
Gross Plant revenues attributed to natural gas sales	$127,185	$138,057
NGL liquids processed and sold (gallons)	1,843,533	566,427
Average sales price	$.29	$.3354
Gross Plant revenues attributed to NGL sales	$535,185	$189,955
Condensate recovered and sold (barrels)	1,827	2,381
Average Price per barrel	$17.56	$19.48
Gross Plant revenues attributed to Condensate sales	$32,082	$46,394
NGL liquids fractionated for others (gallons)	1,477,532	728,125
Average fractionation fee per gallon	$.033	$.032
Gross Plant revenues attributed to Fractionation fees	$48,294	$23,300
Total Plant revenue	$742,746	$397,706

Monument Butte System	One Month Ended March 31, 1992
Total residue sold (Mcf)	51,201
Average sales price	$1.528
Gross revenues attributed to natural gas sales	$78,221
Condensate recovered and sold	205
Average Price per barrel	$18.06
Gross Plant revenues attributed to Condensate sales	$3,702
Other	$2,642
Total Monument Butte revenue	$84,565

	Three Months Ended March 31,	
	1992	**1991**
Grand Total	$827,311	$397,706

Hat Creek General Partnership

For the quarter ended March 31, 1992, the two wells owned by the Hat Creek Partnership produced and sold 3,704 barrels of oil at an average price of $17.381 per barrel, resulting in gross Hat Creek revenues attributed to oil sales of $64,379. Gas produced and sold from the wells totaled 17,465 Mcf which was sold at an average sales price of $1.476, resulting in gross Hat Creek revenues attributed to residue sales of $25,774 . Total Partnership revenues totaled $90,153. Partnership operating expenses were $45,210, which resulted in a total Partnership net income of $44,943 and the Company's distributive share being $9,939.

Liquidity and Capital Resources

Current assets decreased to $740,490 as of March 31, 1992 from $1,208,719 as of December 31, 1991. The $468,229 decrease was attributed to a decrease in restricted cash by $300,000 due to the purchase of the Normandy Wells, a decrease in related accounts receivable by $27,303, a decrease in accounts receivable by $25,320 and a decrease in cash by approximately $115,606 being applied to accounts payable and accrued liabilities.

Non-current assets increased to $2,832,993 as of March 31, 1992 from $1,576,400 as of December 31, 1991. The $1,256,293 increase in non-current assets was attributed to $915,827 increase in net property, plant and equipment from the Company merger with Interline Natural Gas, the purchase of the Normandy Oil wells for $300,000 and the purchase of plant equipment for $40,466.

Current liabilities decreased to $847,558 as of March 31, 1992 from $854,747 as of December 31, 1991. The $7,189 decrease in current liabilities was attributed to $84,565 increase from the Company merger with Interline Natural Gas, an increase in notes payable by $25,000 and a decrease in accounts payable and accrued liabilities resulted in a decrease by $116,754.

Non-current liabilities increased to $1,529,179 as of March 31, 1992 from $787,902 as of December 31, 1991. The $741,277 increase in non-current liabilities was attributed to $777,586 from the Company merger with Interline Natural Gas, an increase in debt obligations by $22,208, payments on long-term debt for $53,517 and a reduction in deferred income taxes by $5,000.

Total stockholder's equity increased to $1,196,746 as of March 31, 1992 from $1,142,470 as of December 31, 1991. The $54,276 increase in equity was attributed to $65,134 increase from the Company merger with Interline Natural Gas, and a decrease of $10,858 from current year loss.

Consolidated Revenues and Direct Cost

The net revenues for the three month quarter's ending March 31, 1992, were $827,311 compared with $397,706 for the three month quarter's ending March 31, 1991. Direct costs for the same periods were $670,641 and $338,751. The percentage increase in revenues and direct costs on a quarterly basis was primarily the results of a newly executed liquids purchase contract at the Plant and the merger with Interline Natural Gas.

The Company had a net loss of $10,858 for the three month quarter's ending March 31, 1992, as compared to a net loss of $24,420 for the three month quarter's ending March 31, 1991. The net loss was primarily the results of lower prices in the market place, generally seen in the first quarter of the year.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings: To the best knowledge of the officers and directors, neither the Company nor any of its officers and directors are aware of any new legal proceedings or litigation arising during the quarter ending March 31, 1992.

Item 2. Changes in the Rights of the Company's Security Holders: None.

Item 3. Defaults by the Company on its Senior Securities: None.

Item 4. Submission of Matters to a Vote of Security Holders: None.

Item 5. Other Information: None.

Item 6 (a) Exhibits: None.

Item 6 (b) Reports on Form 8-K: None.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated May 15, 1992

INTERLINE RESOURCES CORPORATION

By Michael R. Williams

Michael R. Williams
President

INTERLINE RESOURCES CORPORATION
&
SUBSIDIARY

FINANCIAL STATEMENTS
(unaudited)

March 31, 1991

INTERLINE RESOURCES CORPORATION
AND SUBSIDIARY

CONTENTS

Page No.

PART I. Financial information

Condensed consolidated balance sheet - March 31, 1992 (unaudited) and December 31, 1991 F-1

Condensed consolidated statement of operations - three months ended March 31, 1992 and 1991 (unaudited) F-2

Condensed consolidated statement of cash flow - three months ended March 31, 1992 and 1991 (unaudited) F-3

Notes to condensed consolidated financial statements F-4

INTERLINE RESOURCES CORPORATION
AND SUBSIDIARY

Consolidated Balance Sheet

Assets	March 31 1992 (unaudited)	December 31 1991
Current Assets:		
Cash and cash equivalents	171,223	294,523
Restricted cash	245,409	541,750
Accounts receivable - trade	306,504	331,824
Accounts receivable - related		27,303
Prepaid expenses	17,354	13,319
Total current assets	740,490	1,208,719
Property, plant and equipment	3,024,528	1,586,217
Accumulated depreciation	(281,467)	(99,451)
Net property, plant & equipment	2,743,061	1,486,766
Investment in general partnership	89,932	89,634
Other assets	-	-
Total assets	3,573,483	2,785,119
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	515,231	607,034
Accrued liabilities	75,274	15,660
Income taxes payable	8,000	8,000
Note payable	25,000	
Current portion of long-term debt	224,053	224,053
Total current liabilities	847,558	854,747
Long-term debt less current maturities	1,495,755	749,478
Deferred income taxes	31,000	36,000
Minority interest	2,424	2,424
Total liabilities	2,376,737	1,642,649
Stockholders' equity:		
Preferred stock - $.01 par value. 25,000,000 shares authorized; 500,000 issued and outstanding at March 31, 1992	5,000	5,000
Common stock - $.005 par value. 100,000,000 shares authorized; 7,804,571 shares and 5,526,283 shares issued and outstanding at March 31, 1992 and December 31, 1991, respectively	39,023	27,651
Additional paid-in capital	975,944	975,944
Retained earnings	176,779	133,875
Total stockholders' equity	1,196,746	1,142,470
Total liabilities & stockholders' equity	3,573,483	2,785,119

The accompanying notes are an integral part of these consolidated condensed financial statements.

INTERLINE RESOURCES CORPORATION AND SUBSIDIARY

Condensed Consolidated Statement of Operations
(Unaudited)

	Three Months Ended March 31, 1992	Three Months Ended March 31, 1991
Revenue	827,311	397,706
Direct costs	670,641	338,751
Gross margin	156,670	58,955
Selling, general and administrative expenses	131,435	79,188
Depreciation	28,443	13,054
Loss from operations	(3,208)	(33,287)
Other income (expense)		
Interest expense	(26,980)	(18,274)
Interest income	4,390	688
General partnership	9,940	10,643
Total other	(12,650)	(6,943)
Income before income tax benefit and minority interest	(15,858)	(40,230)
Income tax benefit		
Current	-	-
Deferred	(5,000)	(8,000)
Total tax benefit	(5,000)	(8,000)
Loss before minority interest	(10,858)	(32,230)
Minority interest in loss	0	7,810
Net loss	(10,858)	(24,420)
Loss per share	0.00	-0.01
Weighted average shares o/s	5,729,432	3,211,749

The accompanying notes are an integral part of these consolidated condensed financial statements.

INTERLINE RESOURCES CORPORATION
AND SUBSIDIARY

Consolidated Statement of Cash Flows
(Unaudited)

	Three Months Ended March 31, 1992	Three Months Ended March 31, 1991
Cash flows form operating activities:		
Net income (loss)	(10,858)	(24,420)
Adjustment to reconcile net income to cash provided by operating activities;		
Depreciation	28,443	13,054
(Increase) Decrease in restricted cash	(3,658)	-
(Increase) Decrease in accounts receivable	132,931	(97,532)
(Increase) Decrease in interest receivable	-	3,125
(Increase) Decrease in note receivable	-	(100,000)
(Increase) Decrease in prepaid expenses	(4,035)	(2,784)
(Decrease) Increase in accounts payable	(193,923)	(2,361)
(Decrease) Increase in accrued liabilities	2,093	3,596
(Decrease) Increase in deferred income taxes	(5,000)	(8,000)
(Decrease) Increase in note payable	25,000	125,000
Net cash provided by (used in) operating activities	(29,007)	(90,322)
Cash flows from investing activities:		
(Increase) Decrease in notes rec. - shareholder	-	10,000
(Increase) Decrease in general partnership	(298)	(7,202)
Cash from issuance of stock and note	6,225	
Purchase of property, plant & equipment	(68,911)	-
Net cash (used in) investing	(62,984)	2,798
Cash flows from financing activities:		
Proceeds from long-term debt	22,208	-
Proceeds from issuance of preferred	-	500,000
Proceeds from issuance of common	-	10,000
Payments on long-term debt	(53,517)	39,706
Decrease in minority interest	-	(385,985)
Net cash provided from financing	(31,309)	163,721
Net increase (decrease) in cash	(123,300)	76,197
Cash, beginning of period	294,523	75,632
Cash, end of period	171,223	151,829

The accompanying notes are an integral part of these consolidated condensed financial statements.

INTERLINE RESOURCES CORPORATION
AND SUBSIDIARY

Consolidated Statement of Cash Flows
(Unaudited)

Suppplemental Schedule of Non-Cash Investing and Financing Activities

The Company acquired Interline Natural Gas, Inc. in a merger transaction accounted for as a purchase.

Assets:	
Cash and cash equivalents	6,225
Accounts receivable	80,308
Property, plant and equipment	783,795
Accumulated depreciation	(167,967)
Total assets	702,361
Liabilities:	
Accounts payable	152,120
Accrued expenses	7,521
Long term debt	477,586
Total liabilities	637,227
Stock issued for equity and note	65,134

The company aquired a working interest in 12 oil and gas wells from Normandy Oil and Gas Company for $300,000. The purchase price was funded from the proceeds of a $500,000 SBA loan the company obtained December 1991 in connection with this acquisition. The loan was classified on the company's December 31, 1991 audited report under restricted cash.

INTERLINE RESOURCES COPORATION
AND SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 - Basis of Presentation

The financial information included herein is unaudited; such information reflects all adjustments (consisting soley of normal recurring adjustments) which are, in my opinion, necessary for the fair statement of results for the interim periods.

The results of operations for the three month quarter ended March 31, 1992 and 1991 are not necessarily indicated of the results to be expected for the full year.

Note 2. - Acquisition of 12 Oil and Gas Wells

On March 6, 1992 the corporation acquired a working interest in 12 oil and gas wells from Normandy Oil and Gas Company a unrelated party. The wells are located in Roosevelt, Utah near the company's Monument Butte gathering system. The purchase price of $300,000 was funded from the proceeds of a $550,000 SBA loan the company obtained December 1991 in connection with this acquisition. The loan was classified on the company's December 31, 1991 audited report under restricted cash.

Note 3. - Acquisition of Interline Natural Gas

On February 29, 1992 the Company acquired Interline Natural Gas, Inc. ("ING") in a transaction accounted for as a purchase. In connection with the merger transaction, ING merged into Northcut Energy, Inc., the wholly-owned subsidiary of the Company, in exchange for 2,258,333 shares of the company's common stock, promissory notes in the amount of $300,000 payable to the shareholders of ING and a 19.60% interest in the Hat Creek Partnership. The statement of operations reflects that of Interline Resources for three months ended March 31, 1992 and 1991 and that of ING for February 29, 1992 (date of aquisition) to March 31, 1992.

ING owned a 1% general partnership interest in the Well Draw Gas Plant partnership and was the operating entity of the Well Draw Plant. ING also owned a low pressure natural gas gathering, compression and dhydration system located near Roosevelt, Utah. ING also owned a 20.4% interest in the Hat Creek Partnership and was general partner.

Note 4. - Income (Loss) Per Share

Income (loss) per common share is based on the weighted average number of shares outstanding during the period.

Note 5. - Pro Forma Adjustments

The following pro forma consolidated statement of operations for three month quarters ending March 31, 1992 and 1991 are made to present the operations as if the acquisition (merger) of Interline Natural Gas, Inc. would of been effective at the beginning of the three month quarters ending March 31, 1992 and 1991.

The following pro forma adjustments are made to historical operations in order to present the operations as if the shareholders of Interline Natural Gas (an S corporation) had received a salary and Interline Natural Gas had been subjected to corporation income taxes as follows:

- The salary adjustment is based upon the distribution to each shareholder for each year.
- Income tax expense adjustment represents the income tax expense the Company would have incurred had the operations of Interline Natural Gas, an S corporation, been included and taxes as a corporation and the pro forma salary in the above had been incurred.

INTERLINE RESOURCES CORPORATION
AND SUBSIDIARY

Consolidated Statement of Operations
(Pro Forma - Unaudited)

	Three Months Ended March 31, 1992	Three Months Ended March 31, 1991
Revenue	946,348	587,859
Direct costs	692,396	392,382
Gross margin	253,952	195,477
Selling, general and administrative expenses	199,439	129,176
Depreciation	41,067	35,999
Income from operations	13,446	30,302
Other income (expense)		
Interest expense	(36,150)	(41,437)
Interest income	4,408	688
General partnership	9,940	10,643
Total other	(21,802)	(30,106)
Income (loss) before minority interest	(8,356)	196
Minority interest in net income	0	7,810
Net Income (loss)	(8,356)	8,006
Pro forma adjustments		
Salaries	22,291	42,394
Pro forma loss before income tax benefit	(30,647)	(34,388)
Income tax benefit	(7,500)	(8,200)
Pro forma net loss	(23,147)	(26,188)
Loss per share - pro forma	0.00	-0.01

The accompanying notes are an integral part of these consolidated condensed financial statements.

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 10 - Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

RECD S.E.C.
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L92-2239

For Quarter Ended March 31, 1992 Commission file number 0-7693

INTERNATIONAL MERCANTILE CORPORATION
(Exact name of registrant as specified in its charter)

Missouri
(State or other jurisdiction of incorporation or organization)

PROCESSED BY
13-13.14
MAY 21 1992

43-0970243
(I.R.S. Employer Identification No.)

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

1511 Christy Drive, Jefferson City, Missouri 65101
(Address of principal executive offices) (Zip Code)

1.30

Registrant's telephone number, including area code (314) 636-6121

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
YES X NO ______.

The Company had 2,594,584 shares of $1 par value common stock outstanding at March 31, 1992.

Notes Payable Affiliates $2,069,295 Interest Expense Affiliates $53,163

226E(1).

INTERNATIONAL MERCANTILE CORPORATION

FINANCIAL STATEMENTS

MARCH 31, 1992

INTERNATIONAL MERCANTILE CORPORATION
CONSOLIDATED BALANCE SHEETS
ASSETS
(UNAUDITED)

	March 31, 1992	December 31, 1991	March 31, 1991
INVESTMENTS			
Fixed maturities, principally at amortized cost	$ 7,224,198	$ 7,793,199	$ 5,528,196
Equity securities	254,892	2,392	3,667
Mortgage loans on real estate			
GNMA issues	11,470,777	11,688,656	13,831,166
Other	44,136	62,945	66,629
Policy loans	1,286,526	1,282,819	1,250,084
Real Estate	73,000	73,000	-0-
Short-term investments	758,833	954,797	1,026,100
Total Investments	21,112,362	21,857,808	21,705,844
CASH	437,283	458,751	836,015
INDEBTEDNESS FROM AFFILIATES	1,356,318	1,355,052	1,409,501
ACCRUED INVESTMENT INCOME	487,869	276,086	249,283
ACCOUNTS AND NOTES RECEIVABLE	1,292,916	848,392	489,570
DEFERRED POLICY ACQUISITION COSTS AND COST OF INSURANCE PURCHASED	1,935,762	1,996,327	2,124,158
EXCESS OF COST OVER NET ASSETS OF BUSINESS ACQUIRED, Net of amortization of $194,747 - 1992, $190,960 - December, 1991, and $179,597 - March, 1991	108,940	112,729	124,092
PROPERTY AND EQUIPMENT			
Cost	2,130,948	2,131,223	2,205,048
Accumulated depreciation	(1,190,201)	(1,156,555)	(1,046,833)
OTHER ASSETS	787,328	829,324	96,038
	$28,459,525	$28,709,137	$28,192,721

*Figures may not equal because the cents were deleted.

INTERNATIONAL MERCANTILE CORPORATION
CONSOLIDATED BALANCE SHEETS
SHAREHOLDERS' EQUITY AND LIABILITIES
(UNAUDITED)

	March 31, 1992	December 31, 1991	March 31, 1991
LIABILITIES			
Policy liabilities and accruals			
Future policy benefits and claims	$17,986,984	$17,597,439	$18,016,749
Unearned premiums	11,769	12,316	73,[illegible]
Other policy claims and benefits payable	186,930	88,374	226,819
	18,185,683	17,698,129	18,317,075
Dividend and endowment accumulations	1,027,302	1,028,612	1,033,078
Other policyholders' funds	305,945	574,532	315,828
Other liabilities	29,638	392,123	47,602
Long-term debt	3,711,413	3,723,057	2,940,214
Federal income taxes - deferred	264,126	264,126	300,126
	23,524,107	23,680,579	22,953,924
DEFERRED GAIN ON SALES OF INVESTMENTS	296,506	296,506	296,506
MINORITY INTEREST	2,098,402	2,093,445	2,101,809
STOCKHOLDERS' EQUITY			
Common stock, $1 par value; authorized 5,000,000 shares, issued shares 1,428,151 - 1991, 1,373,151 - 1990 (including 325,492 - 1991 and 1990 in treasury)	2,928,151	2,928,151	1,383,151
Additional paid-in capital	5,803,668	5,803,668	2,781,168
Employee Stock Ownership Plan assets purchased with debt	(124,011)	(121,627)	(179,216)
Retained earnings (deficit)	(782,265)	(686,552)	(373,719)
	7,825,543	7,923,640	3,611,383
Less treasury stock, at cost	785,033	785,033	770,902
Less investment in and advances to affiliates			
Preferred stock of affiliate	2,000,000	2,000,000	
Debenture receivable from affiliate	1,000,000	1,000,000	
Advances to affiliates	1,500,000	1,500,000	
	2,540,510	2,638,607	2,840,481
	$28,459,525	$28,709,137	$28,192,721

*Figures may not equal because the cents were deleted.

226E(4)

INTERNATIONAL MERCANTILE CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

	Three Months Ended March 31		Twelve Months Ended December 31	
	1992	1991	1991	1990
REVENUES				
Premiums	$ 444,156	$ 435,485	$ 1,751,189	$ 2,043,531
Net investment income	666,344	510,501	2,211,194	2,004,501
Other	106,847	126,523	196,725	356,230
	1,217,347	1,072,509	4,159,108	4,404,262
BENEFITS, CLAIMS AND EXPENSES				
Benefits and claims	362,613	394,188	1,815,984	1,834,150
Policyholders' share of earnings on participating policies	14,336	30,893	109,580	121,838
Underwriting, acquisition, insurance and administrative expenses	750,990	479,428	2,222,811	2,180,530
Interest expense	156,471	178,690	321,571	353,845
	1,284,410	1,083,201	4,469,946	4,490,363
INCOME (LOSS) BEFORE FEDERAL INCOME TAXES AND MINORITY INTEREST	(67,063)	(10,691)	(310,838)	(86,101)
FEDERAL INCOME TAX PROVISION	23,000	11,250	(31,000)	-0-
INCOME (LOSS) BEFORE MINORITY INTEREST	(90,063)	(21,941)	(341,838)	(86,101)
MINORITY INTEREST IN OPERATIONS	(5,651)	5,438	12,504	41,640
NET INCOME (LOSS)	$ (95,714)	$ (16,502)	$ (329,334)	$ (44,461)
PER SHARE DATA				
Income (Loss) before gains on investments and minority interest	$(.03)	$(.02)	$(.26)	$(.08)
Minority interest	(.01)	-0-	.01	.04
Net Loss	$(.04)	$(.02)	$(.25)	$(.04)

*Figures may not equal because the cents were deleted.

INTERNATIONAL MERCANTILE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three Months Ended March 31,		Twelve Months Ended December 31	
	1992	1991	1991	1990
CASH FLOWS FROM OPERATING ACTIVITIES				
Premiums	$ 564,158	$ 586,840	$ 1,602,381	$ 2,087,777
Net investment income	486,500	527,212	1,977,905	2,067,674
Other revenues	88,554	49,269	232,996	400,401
Benefits and claims	(410,262)	(655,094)	(1,112,540)	(1,000,250)
Policyholders' share of earnings on participating policies	(27,664)	(30,645)	(110,724)	(135,961)
Interest expense	(83,464)	(84,343)	(326,385)	(351,845)
Underwriting, insurance and administrative expenses	(305,314)	(422,004)	(1,758,147)	(1,863,787)
Income taxes paid	-0-	(37,000)	(87,676)	-0-
Net cash provided by operating activities	312,508	65,766	417,810	1,204,009
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of investments	997,946	213,724	6,684,221	1,273,831
Proceeds from sale of property and equipment	-0-	-0-	-0-	13,033
Purchase of investments	(252,500)	(46,863)	(6,354,734)	(497,224)
Purchase of property and equipment	-0-	(392)	(73,667)	(66,121)
Increase in notes receivable	444,524	-0-	(349,000)	-0-
Purchases of stock in affiliates	-0-	(997)	(1,497)	(33,764)
Purchase of land	-0-	(73,000)	-0-	-0-
Payment on indebtedness from affilaite	-0-	73,000	125,996	-0-
Net cash provided by (used in) investing activities	300,922	165,472	31,319	689,755
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends and endowments				
Left on deposit	24,773	24,274	55,130	54,682
Paid from accumulations	(26,044)	(34,190)	(118,799)	(145,459)
Principal payments on debt	(11,644)	(44,515)	(134,489)	(168,422)
Issuance of common stock	-0-	15,000	82,500	45,000
Withdrawals from annuity balance	(223,251)	(109,192)	(745,521)	(1,377,679)
Purchase of Treasury Stock			(14,131)	
Net cash provided by (used in) financing activities	(236,166)	(148,623)	(875,310)	(1,591,878)
INCREASE (DECREASE) IN CASH	(377,264)	(48,917)	426,181	301,886
CASH, BEGINNING OF YEAR	458,751	884,932	884,932	583,046
CASH, END OF YEAR	$ 836,015	$ 836,015	$ 458,751	$ 884,932

*Figures may not equal because the cents were deleted.

226E(8)

INTERNATIONAL MERCANTILE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 1992 AND 1991

NOTE 1: INDEBTEDNESS FROM AFFILIATE AND RELATED PARTY TRANSACTIONS

Indebtedness from affiliate consisted of the following at March 31, 1992 and 1991:

	1992	1991
Note receivable from Shepherd Hills Manor, Ltd., interest at 10%, principal due December, 1992, collateralized by a second mortgage lien	$1,310,000	$1,310,000
Other receivables from Shepherd Hills Manor, Ltd., including partnership fees and cash advances	46,318	99,501
	$1,356,318	$1,409,501

NOTE 2: LONG-TERM DEBT

Long-term debt at March 31 consisted of the following:

	1992	1991
First mortgage note payable (A)	$1,010,836	$1,032,398
Installment note payable (B)	975,130	1,001,539
Bank term loan (C)	550,000	620,000
Notes payable, former stockholders (D)	274,294	274,294
Deferred compensation agreement, former officer (E)	132,312	
Non-compete and consulting agreements, former officers (F)	717,800	
Other notes	51,041	11,983
	$3,711,413	$2,940,214

(A) Due December, 1992; payable $11,600 monthly including interest at 11-1/2%; collateralized by first mortgage on real estate sold to Shepherd Hills Manor, Ltd. Management is evaluating various financing alternatives.

(B) Due October, 1995; payable $12,304 monthly including interest at 12-1/4%; collateralized by deed of trust on the Company's office facility.

(C) Due May, 1996; payable $5,000 monthly plus interest at prime; collateralized by capital stock of Frontier Insurance Company and Sterling Financial Corporation; personnally guaranteed by two former officers of the Company, and assignment of the life insurance policies on these officers.

(D) Due February, 1993; interest payable quarterly at 10.125%; unsecured.

(E) Due November 1995; payable $40,000 annually including interest at 9.5%

(F) Due December, 1996; payable $15,401 monthly including interest imputed at 9.0%

NOTE 2: LONG-TERM DEBT (Continued)

At March 31, 1992 and 1991, the following intercompany debt, which has been eliminated in the accompanying consolidated financial statements, was owed by the parent company to its subsidiaries:

	1992	1991
Universal Life Holding Corporation (A)	$1,215,000	$1,215,000
Sterling Financial Corporation (B)	568,000	690,000
Frontier Insurance Company (C)	286,295	372,247

(A) $815,000 due January 1, 1994; interest at 10%.
$400,000 due February 1, 1993; interest at 9.5%.

(B) Due January 1, 1994; interest at 10%.

(C) Notes and advances payable in monthly installments of $12,383, including interest ranging from 10% to 12%. The notes are unsecured.

MANAGEMENTS' DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Liquidity and Capital

General. IMC has used affiliated companies' funds as a source of internal financing. The income from IMC notes are a substantial portion of the affiliated companies' operating revenues. IMC expects to continue making payments on the notes to affiliates. IMC's Consolidated Statements of Operations have reported a loss for the last few years.

Frontier. Inflation impacts on the market value of Frontier's invested assets. At December 31, 1991, Frontier's fixed maturity investment portfolio's market value is 101% of the amortized cost. This portfolio reflects unrealized gains of $441,002 and unrealized losses of $40,681 at December 31, 1991. Frontier's mortgage loan portfolio consists primarily of GNMA's with a market value of 105.7% of the book value. The mortgage portfolio reflects unrealized gains of $673,724 and unrealized losses of $2,253. Frontier's investment portfolio has not changed materially since year end. Such amounts are not expected to have a material effect on future earings beyond the usual amortization of acquisition premium or discounts because no significant sale of such investment is currently foreseen. Decreasing interest rates tend to increase the market value of the investment portfolio while increasing interest rates tend to decrease the market value of the investment portfolio. Frontier's fixed maturity portfolio provides liquid funds at a scheduled maturity date and the mortgage loan portfolio provides liquid funds on a monthly basis as the mortgages are repaid. The monthly repayment of GNMA's are subject to fluctuation because of interest rate changes. A decrease in mortgage interest rates may result in principal prepayments of GNMA's that have a higher interest rate than the current mortgage rate. An increase in the mortgage rates may result in principal payments that reflect the original term of the mortgage. Frontier's GNMA portfolio has a stated maturity of 30 years with the anticipated maturity of 12 to 15 years because of interest rate fluctuations. Frontier's investment portfolio consists of approximately 67% government or government insured securities. The Company has elected not to invest in high yield "junk" bonds.

Frontier's cash flows from operating activities were negative for the three months ended March 31, 1991 and positive for the remainder of the periods contained in this report. The cash flows from investing activities were positive for the periods March 31, 1992 and December 31, 1991 and positive for March 31, 1991 and December 31, 1990. The cash flows from financing activities remained negative. The surrender of annuity balances and withdrawal of policyholder accumulations was primarily offset by the proceeds from the sale and maturity of investments. Frontier anticipated the possibility of negative cash flows from financing activities and invested in GNMA issues that provide an annual maturity of principle that should be sufficient to offset the negative cash flows from financing activities. Frontier has also invested in short-term investments to provide a reserve of funds that may be necessary to balance cash flows on a month to month basis.

Frontier's capital base determines the amount of new insurance sales that should be produced and retained. Frontier has elected to reinsure a portion of its new insurance sales of products that it manufactures. Reinsurance permits Frontier to limit the maximum risk on each sale, thereby limiting the insurance risk to shareholder's equity ratio. Frontier's retention limit is $25,000. Frontier has also decided to distribute products that it does not manufacture because of its limited capital base. The combination of reinsurance and distribution of other companies' products enables Frontier to increase its market presence.

Universal. Universal's cash flow from operating activities was positive for the three and twelve month periods contained in this report. Universal expects the cash flow from operating activities to continue to be positive. Universal's cash flows from investing activities were -0- in 1992 and negative in 1991. Universal's cash flows from financing activities have been negative. Universal's current cash position should be increased by positive cash flows from operating activities and decreased by repayment of debt and the contingency of making loans to the Partnership. Universal has the obligation as general partner in Shepherd Hills Manor, LTD. Partnership to guarantee a break even cash flow for the Partnership. As a result of this guarantee, Universal has a net advanced of $46,318 to the Partnership over the last ten years. The Partnership is currently operating on a break even cash flow basis with the assistance of the abatement of the 5% partnership fee and a reduction in the interest rate from 12% to approximately 10% on the note payable to the general partner, Universal. The total amount of the current abatement to the Partnership is approximately $30,000 per year. The Partnerhsip's cash flow has stabilized due to an increase in occupancy. When the competition in the rental market permits the Partnership to increase rental rates fifteen percent, the Partnership should break even on a cash flow basis. However, there are no assurances that the rental rates will be increased by fifteen percent in the immediate future. Universal also receives interest income from a note receivable due from IMC. Universal anticipates that the interest income will be received from IMC, even though IMC has experienced losses the last three years. The total operations of IMC for the last three years before equity in affiliates have been positive. The equity in loss of affiliates does not reduce IMC's liquidity.

Universal's long term debt has a balloon payment due in 1992. Universal has recently received notification from the Resolution Trust Corporation; on behalf of the lender that the debt will not be refinanced in December of 1992. Universal intends to inform the limited partners of this development and to explore with the limited partners the financing options that may be available.

Sterling. Sterlings's cash flow from operating activities and financing activities has been negative for the last three years. Sterling's current cash position and the payments on the note receivable from IMC should provide sufficient liquidity. Sterling's major capital commitment at the present time is the responsibility for the payment of $95,000 a year consulting agreement that arose from the novation of an agreement made in 1979 with HKZ Management, LTD. The consulting agreement will expire in February of 1993. The balance of the consulting agreement will require approximately 20% of the note receivable balance due from IMC.

Operations

General. IMC's revenues on a consolidated basis increased for the three month and twelve month periods. Of these revenues 97% was attributable to Frontier's activities, 1% to Universal's activities, and 2% to Sterling's activities. The following table includes the results of the IMC and it affiliates:

	Three Months Ended March 31		Twelve Months Ended December 31	
	1992	1991	1991	1990
Frontier Insurance Net Income (Loss)	$ 84,354	$ 17,001	$ 167,026	$ (8,662)
Universal (Real Estate) Net Income (Loss)	$ 18,109	$ 12,353	$ 50,579	$ 39,412
Sterling (Financial) Net Income (Loss)	$ (10,049)	$(20,719)	$ (80,508)	$(113,673)
IMC Consolidated Net Income (Loss)	$ (95,714)	$(16,502)	$(329,334)	$ (44,461)

Frontier. The Company's revenues were level for the first quarter of 1992 and for the year ended December 31, 1991. Premium income is declining because the volume of new conversion business is not sufficient to offset the lapse of renewal business.

Benefits claims and expenses declined in the first quarter of 1992. Benefits and claims have declined in volume but continue to increase as a percent of premium. This continued increase in claims as a percent of premium is reducing the margin for operating expenses and profit. Underwriting, acquistion, insurance and administrative expenses have increased in the first quarter of 1992 and for the year ended December 31, 1991. The Company continues to reduce expenses to improve efficiency and establish profit margins.

MANAGEMENTS' DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS (Continued)

The Company realized net income of $84,354 and $17,001 for the three months ended March 31, 1992 and 1991. The Company realized net income of $167,026 for year end December 31, 1991 and a loss of $8,662 for year end December 31, 1990.

Universal. Universal revenues from the management of the limited partnership have fluctuated based upon the partnership cash flow position. Operating expenses have remained fairly constant for the three and twelve month periods contained in this report. Net interest income (other income) has been reduced as a result of the interest abatement to the limited partnership.

Universal has realized income before equity in affiliate and partnership of $10,910 and $11,723 for March 31, 1992 and 1991; and $33,358 and $43,775 for December 31, 1991 and 1990.

Universal's equity in affiliates and partnership have resulted in income of $11,149 and $4,350 for March 31, 1992 and 1991; and income of $29,221 and $11,397 for December 31, 1991 and 1990. The equity reporting for Universal is a result of a 10% investment in a life affiliate and a 1% investment in the limited partnership. The equity results do not affect Universal's current cash position.

Universal's net income was $18,109 and $12,353 for March 31, 1992 and 1991 and $50,579 and $39,412 for December 31, 1991 and 1990.

Sterling. The interest income from the affiliate note receivable is currently 100% of the Company's revenue. The interest income is declining because the note receivable balance is being reduced by monthly payments.

General and administrative expenses have remained basically constant for the three month and twelve month periods contained in this report.

The equity income (loss) of the life insurance affiliate represents the Company's portion of the insurance affiliate's operations. The equity results have been positive the twelve month period and the two three month periods ended December 31, 1991 and 1990 and March 31, 1992 and March 31, 1991. The equity income (loss) of the life insurance affiliate does not affect the Company's current cash position.

The Company has reported a loss from operations before and after equity from the life insurance affiliate. The Company expects to break even from operations after the consulting agreement is completely paid in February, 1993.

The Company's net loss from operations was $10,049 and $20,719 for the three months ended March 31, 1992 and 1991, and $80,508 and $113,678 for the years ended December 31, 1991 and 1990.

The interim financial statements have been prepared from the records of the Company by Company personnel without audit by independent accountants.

The consolidated income statement, the consolidated balance sheet, and the consolidated statements of cash flows should be considered in conjunction with the notes to the audited consolidated financial statements for the year ended December 31, 1991.

The summarized financial information reflects all adjustments which are, in the opinion of management, necessary to a fair statement of results for the interim period.

Part II. Other Information

Items 1 through 6

NONE

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INTERNATIONAL MERCANTILE CORPORATION

Date 5-7-92

Stewart Juneau
Chief Executive Officer

Date 5-7-92

P. Andrew Baker, Secretary

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FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark One)
(X) QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF
THE SECURITIES AND EXCHANGE ACT OF 1934

For the quarterly period ended April 30, 1992.

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES AND EXCHANGE ACT OF 1934

For the transition period from...........to..............

Commission file number 0-18296

INNOVO GROUP INC.
(Exact name of Registrant as specified in its charter)

Delaware	11-2602030
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

27 North Main Street
Springfield, Tennessee 37172
(Address of principal executive offices) (zip code)

Registrant's telephone number, including area code: (615) 384-0100

....

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or Section 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been the subject to such filing requirements for the past 90 days.

Yes X No____

Indicate the number of shares outstanding of each issuer's classes of common stock, as of the latest practicable date.

Class	Issued as of June 10, 1992
Common stock, par value of $.01 per share	10,441,309

(39)

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INNOVO GROUP INC.
INDEX

PART I. FINANCIAL INFORMATION PAGE NO.

Item 1. Financial Statements

Condensed consolidated balance sheets April 30, 1992 and October 31, 1991 3

Condensed consolidated statements of income for the three months and six months ended April 30, 1992 and 1991 .. 4

Condensed consolidated statement of stockholders' equity for the six months ended April 30, 1992 5

Condensed consolidated statements of cash flows for the six months ended April 30, 1992 and 1991 6

Notes to condensed consolidated financial statements 7

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations 10

PART II. OTHER INFORMATION

Item 1. Legal Proceedings 12

Item 6. Exhibits and Reports on Form 8-K 12

Signature Page 13

PART I. FINANCIAL INFORMATION
Item 1. FINANCIAL STATEMENTS

INNOVO GROUP INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(000's)

ASSETS	April 30, 1992 (Unaudited)	October 31, 1991 (Restated)
CURRENT ASSETS		
Cash and cash equivalents	$ 47	$ 877
Accounts receivable, less allowance of $228 in 1992 and $20 in 1991	4,287	5,337
Inventories (Note 3)	5,577	4,654
Other current assets	3,337	1,472
TOTAL CURRENT ASSETS	13,248	12,340
PROPERTY PLANT AND EQUIPMENT, less accumulated depreciation and amortization of $328 and $158	2,906	2,799
DEFERRED CHARGES net amortization of $118 and $278	2,783	1,795
OTHER ASSETS	1,890	2,062
TOTAL ASSETS	$ 20,827	$ 18,996
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes payable (Note 4)	$ 5,363	$ 450
Accounts payable	3,587	3,847
Accrued expenses	592	3,322
Income taxes payable	1,394	1,410
Current maturities of long-term debt (Note 4)	77	112
TOTAL CURRENT LIABILITIES	11,013	9,141
LONG-TERM DEBT, less current maturities (Note 4)	42	78
DEFERRED RENT	31	27
TOTAL LIABILITIES	11,086	9,246
STOCKHOLDERS' EQUITY		
Common stock $.01 par; shares authorized 20,000,000; issued 10,441,309 in 1992 and 1991 (Note 6)	104	104
Additional paid-in capital	10,712	10,712
Retained earnings	2,382	2,309
Treasury stock 766,842 in 1992, 750,000 in 1991	(3,457)	(3,375)
TOTAL STOCKHOLDERS' EQUITY	9,741	9,750
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 20,827	$ 18,996

See notes to condensed consolidated financial statements.

INNOVO GROUP INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(000's except per share information)

	Three months ended April 30, 1992	Three months ended April 30, 1991	Six months ended April 30, 1992	Six months ended April 30, 1991
NET SALES	$ 5,034	$ 2,503	$ 13,048	$ 4,030
COST OF GOODS SOLD	2,632	1,369	6,384	2,250
GROSS PROFIT	2,402	1,134	6,664	1,780
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	2,984	702	6,472	1,387
INCOME (LOSS) FROM OPERATIONS	(582)	432	192	393
INTEREST INCOME (EXPENSE)	(76)	(11)	(115)	(26)
OTHER INCOME (EXPENSE) - NET	47	(22)	30	108
INCOME (LOSS) BEFORE TAXES ON INCOME	(611)	399	107	475
TAXES ON INCOME	(209)	136	34	173
NET INCOME (LOSS)	$ (402)	$ 263	$ 73	$ 302
PRO FORMA AMOUNTS (Note 7)				
Income before taxes		$ 399		$ 475
Income taxes: Current		136		162
NET INCOME (LOSS)	$ (402)	$ 263	$ 73	$ 313
EARNINGS (LOSS) PER SHARE:	$ (.04)	$ .03	$ .01	$ .04
WEIGHTED AVERAGE SHARES OUTSTANDING	9,676,000	8,054,000	9,676,000	8,001,000

INNOVO GROUP INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(Unaudited)
SIX MONTHS ENDED APRIL 30, 1992

(000'S)

	SHARES	AMOUNT	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	TREASURY STOCK	TOTAL
BALANCE, OCTOBER 31, 1991, as previously reported	10,441,309	$ 104	$ 10,712	$ 2,243	$ (3,375)	$ 9,684
Adjustment for effect of a change in accounting principle that is applied retroactively (Note 2)	-	-	-	66	-	66
BALANCE, OCTOBER 31, 1991, as adjusted	10,441,309	$ 104	$ 10,712	$ 2,309	$ (3,375)	$ 9,750
PURCHASE OF TREASURY STOCK	-	-	-	-	(82)	(82)
NET INCOME	-	-	-	73	-	73
BALANCE, APRIL 30, 1992	10,441,309	$ 104	$ 10,712	$ 2,382	$ (3,457)	$ 9,741

INNOVO GROUP INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)
(000's)

	Six Months ended April 30, 1992	Six Months ended April 30, 1991
CASH FLOW FROM OPERATING ACTIVITIES:		
Net income	$ 73	$ 302
Adjustments to reconcile net income to net cash provided by operating (used in) activities:		
Depreciation and amortization	320	40
Amortization of deferred charges	-	-
Changes in assets and liabilities:		
Accounts receivable	1,050	99
Inventory	(923)	(529)
Other current assets	(1,865)	7
Deferred charges	(988)	(8)
Other assets	22	(35)
Accounts payable	(260)	269
Accrued expenses	(2,730)	82
Accrued FIT payable	(16)	(69)
Deferred Rent	4	-
Net cash provided by operating activities	(5,313)	158
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(277)	(80)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Purchase of treasury stock	(82)	-
Proceeds from warrant conversion	-	566
Net proceeds from notes payable	4,913	(227)
Proceeds from (repayments of) long term debt	(71)	14
Net cash provided by (used in) financing activities	4,760	353
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(830)	431
CASH AND EQUIVALENTS, (beginning of year)	877	500
CASH AND EQUIVALENTS, (end of period)	$ 47	$ 931

INNOVO GROUP INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1: BASIS OF PRESENTATION

The condensed consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. These condensed consolidated financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the period ended October 31, 1991.

In the opinion of the management of the Company, the accompanying unaudited condensed consolidated financial statements contain all necessary adjustments to present fairly the financial position, the results of operations and cash flows for the periods reported. All adjustments are of a normal recurring nature.

The results of operations for the above periods are not necessarily indicative of the results to be expected for the full year.

NOTE 2: CHANGE IN ACCOUNTING PRINCIPLE - ACCOUNTING FOR INCOME TAXES

On December 30, 1991, the Financial Accounting Standards Board issued statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes". The effective date for this statement is for fiscal years beginning after December 15, 1992. During the quarter ended April 30, 1992 the Company completed the complex analysis required to estimate the impact of adopting the statement and has elected to adopt the statement early and restate prior years financial statements.

For the period ended October 31, 1991, adoption results in an approximate $2,000,000 deferred income tax refund of which approximately $250,000 is current. This restatement relates to the acquisition of Nasco, Inc. The accompanying 1991 financial statements have been restated to reflect the adoption of this statement. This required a reallocation of the original purchase price resulting in a reduction of approximately $1,,000,000 in both property, plant and equipment and other assets. These reductions result in an approximate $100,000 decrease in depreciation and amortization expense in both the first quarter of 1992 and the fiscal period ended October 31, 1991, as well as a reduction in income tax expense of approximately $34,000 for both periods.

NOTE 3: INVENTORIES

Inventory consisted of the following:

	April 30, 1992	October 31, 1991
	(000's)	
Finished goods	$ 3,926	$ 3,416
Work-in-process	188	210
Raw Materials	1,463	1,028
Totals	$ 5,577	$ 4,654

NOTE 4: NOTES PAYABLE AND LONG-TERM DEBT

At April 30, 1992, notes payable and long-term debt consisted of the following:

Note payable to bank is the used portion of a $8,000,000 credit facility bearing interest at prime plus 1 1/2% maturing March 3, 1994, collateralized by accounts receivable, inventory and personal guarantee of the Company president.	$4,149,418
Notes payable to individuals bearing interest at 10%, unsecured, maturing thru October, 1, 1992	514,000
Note payable to bank is the used portion of a $900,000 line of credit bearing interest at prime plus 2% maturing June 23, 1992, collateralized by the physical facility of Nasco, the guarantee of Innovo Group Inc., and the personal guarantee of the Company's president	700,000
Total notes payable	$5,363,418

Note payable to bank bearing interest at prime plus 1.5%, maturing August 4, 1995, with monthly payments of $1,000 plus interest, collaterized by equipment and guarantee of the Company's president	$ 39,912
Note payable to bank bearing interest at prime plus 1.5%, maturing May 4, 1995, with monthly payments of $566 plus interest, collaterized by equipment, inventories and personal guarantee of the Company's president	20,656
Note payable to bank bearing interest at prime plus 1%, maturing April 20, 1993, with monthly payments of $4,167 plus interest, collaterized by equipment, inventories and personal guarantee of the Company's president	50,000
Note payable to insurance company bearing interest at 7.25%, interest and principal payable monthly in equal installments of $8,644, maturing May 1, 1992	8,644
	119,212
Less current maturities	(77,436)
Total long-term debt	$ 41,776

The prime rate was 6.5% at April 30, 1992.

NOTE 5: CONTINGENCIES

In the opinion of management no events since October 31, 1991 have occurred, other than in the ordinary course of business, that would have a material adverse effect upon the financial position of the Company.

NOTE 6: STOCKHOLDERS' EQUITY

As of April 30, 1992, the Board of Directors had reserved 500,000 shares of the Company's Common Stock for issuance under its stock option plan (the "Plan"). Options of 445,624 shares have been granted under the Plan as qualified incentive stock options. The Plan was submitted to the shareholders and approved at their annual meeting held May 28, 1992, and the total reserved for issuance was increased to 1,000,000 at that time.

During the quarter ended April 30, 1992, approximately $18,792 was paid as part of the Stock Bonus Plan. The shares acquired are reflected as treasury stock.

NOTE 7: INCOME TAXES

Prior to July 9, 1988, Innovo, Inc., was a S corporation for tax purposes. No provision was made for income taxes through that date since such taxes, if any, were the liability of the previous stockholder. On July 9, 1988, Innovo, Inc. was disqualified as a S corporation as a result of its acquisition by Clark Lease-Rite, Inc. From July 9, 1988 through August 2, 1990, Innovo, Inc., was a subsidiary of Clark Lease-Rite, Inc. and filed its federal income taxes as a member of that consolidated group. Under a tax allocation agreement, the former parent company's effective income tax rate for 1990 was passed along to Innovo, Inc. Consequently, most of the Company's 1990 net income was not taxable as it was earned prior to August 2, 1990, and the former parent company did not pay any income taxes at the consolidated level.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations: Three months ended April 30, 1992 vs.
Three months ended April 30, 1991

Net sales for the three months ended April 30, 1992 increased 101% to $5,034,000 from $2,503,000 for the same period ended April 30, 1991. This increase resulted principally from the acquisition of Nasco, Inc. (NASCO).

Gross profit as a percentage of net sales was 48% for the three months ended April 30, 1992 as compared to 45% for the same period ended April 30, 1991. This increase was due to lower cost associated with the NASCO product lines and new products with lower cost introduced at Innovo, Inc. (INNOVO).

Loss from operations for the three months ended April 30, 1992 was $582,000 as compared to income from operations of $432,000 for the same period ended April 30, 1991, reflecting a decrease of $1,014,000. The decrease is attributable to higher selling, general and administrative expenses as a percentage of net sales due to the normal reduction of school fundraising business during this time period.

Earnings (loss) per common share was $(.04) for the three months ended April 30, 1992 as compared to $.03 for the same period ended April 30, 1991.

Results of Operations: Six months ended April 30, 1992 vs.
Six months ended April 30, 1991

Net sales for the six months ended April 30, 1992 increased 224% to $13,048,000 from $4,030,000 for the same period ended April 30, 1992. This increase resulted principally from the acquisition of NASCO.

Gross profit as a percentage of net sales was 51% for the six months ended April 30, 1992 as compared to 44% for the same period ended April 30, 1991. This increase was due to lower cost associated with the NASCO product lines and new products, with lower cost introduced at INNOVO.

Income from operations for the six months ended April 30, 1992 was $192,000 as compared to $393,000 for the same period ended April 30, 1991, reflecting a decrease of $201,000. The decrease is attributable to a higher percentage of selling, general and administrative expenses as a percentage of net sales associated with the normal reduction of school fundraising business during this time period.

Earnings per common share was $.01 for the six months ended April 30, 1992 as compared to $.04 for the same period ended April 30, 1991.

Liquidity and Capital Resources

The Company's working capital decreased from $3,199,000 at October 31, 1991 to $2,235,000 as of April 30, 1992, a reduction of $964,000. This decrease resulted primarily from the funding of promotional materials, cataloges and other product development.

Cash outflow from 1992 operations was financed by advances on the new credit facility at National Bank of Detroit (NBD).

On March 3, 1992 the Company entered into a new two-year, $8 million credit facility with the NBD. Other bank participants include Dominion Bank, Nashville, Tennessee and Sugar Creek National Bank, Sugar Land, Texas. The purpose of the facility was to repay existing working capital indebtedness and provide for future working capital and letter of credit requirements.

The credit facility is secured by accounts receivable and inventory under a borrowing base formula for each subsidiary company. Borrowing's under the facility bearing prime rate plus 1 1/2% are payable upon demand. There is an unused facility fee of 1/2% payable quarterly on the unused portion of the facility. The initial advance under the facility was $2.7 million, $2.4 million of which was used to repay or reduce existing working capital loans with Sugar Creek National Bank, The Farmers Bank, the termination of the CIT factoring arrangement and $300,000 of which was used for ongoing working capital requirements.

Subsequent to April 30, 1992 the Company completed the placement of $2,000,000 of subordinated collateralized notes due December 2, 1992. The Company believes its working capital and available lines of credit together with the proceeds from the subordinated collateralized notes will be adequate to meet its foreseeable operating requirements.

PART II: OTHER INFORMATION
Item 1. LEGAL PROCEEDINGS

NONE

Item 6. EXHIBITS AND REPORTS ON FROM 8-K

NONE

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned there unto duly authorized.

INNOVO GROUP INC

Dated: June 12, 1992

By____________________
Patricia Anderson Lasko,
President, Chief Operating
Officer and Chairman of the
Board

Dated: June 12, 1992

By William H. Hargr
William H. Hargraves,
Vice President of Finance and
Chief Financial Officer

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended January 31, 1992

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 0-16448

RECD S.E.C.
MAR 13 1992

HOLIDAY RV SUPERSTORES, INCORPORATED

I.R.S. # 59-1834763

State of Incorporation: Florida

PROCESSED BY
MAR 20 1992

Sand Lake West Executive Park
7851 Greenbriar Parkway
Orlando, Florida 32819

(407) 363-9211

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Q-Data Corp. - St. Petersburg, FL

Indicate by check mark whether the registrant (1) has filed all reports by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES __X__ NO ______

As of March 12, 1992, Holiday RV Superstores, Incorporated had outstanding 7,340,000 shares of Common Stock, par value $.01 per share.

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TABLE OF CONTENTS

Item Page

Part I

Financial Information

1. Financial Statements 1
Consolidated Condensed Balance Sheets 1
Consolidated Condensed Statements of Income 3
Consolidated Statement of Cash Flows 4
Notes to Consolidated Condensed Financial Statements 6

2. Management's Discussion and Analysis of Financial Condition and Results of Operations 7

Part II

Other Information

1. Legal Proceedings 11

2. Changes in Securities 11

3. Defaults Upon Senior Securities 11

4. Submission of Matters to a Vote of Securities Holders 11

5. Other Information 11

6. Exhibits and Reports on Form 8-K 11

Part I

Financial Information

Item 1. Financial Statements

HOLIDAY RV SUPERSTORES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS

ASSETS

	01/31/92 (UNAUDITED)	10/31/91
CURRENT ASSETS:		
Cash and cash equivalents	$1,808,757	$2,005,992
Accounts receivable:		
Trade and contracts in transit	850,737	571,616
Factory incentives and other	185,746	206,151
Refundable income taxes	288,107	243,981
Inventories (note 2)	15,520,394	13,991,940
Prepaid expenses	102,412	176,265
TOTAL CURRENT ASSETS	18,756,153	17,195,945
PROPERTY AND EQUIPMENT, less accumulated depreciation	1,818,178	1,843,298
RENTAL FLEET, less accumulated depreciation	993,862	1,032,270
OTHER ASSETS, including covenant not to compete of $154,167 and $166,667	163,334	176,667
TOTAL ASSETS	$21,731,527	$20,248,180

See accompanying notes to the consolidated condensed financial statements.

HOLIDAY RV SUPERSTORES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' EQUITY

	01/31/92 (UNAUDITED)	10/31/91
CURRENT LIABILITIES:		
Floor plan contracts	$10,820,394	$9,395,616
Accounts payable	605,500	481,241
Customer deposits	208,091	103,007
Accruals:		
Employee benefit plan	9,168	36,672
Compensation	71,809	105,452
Interest	58,673	68,207
Taxes - other	55,988	76,791
Current portion of capital lease obligations	4,537	4,537
TOTAL CURRENT LIABILITIES	11,834,160	10,271,523
LONG-TERM CAPITAL LEASE OBLIGATIONS, less current portion	27,053	28,876
DEFERRED INCOME TAXES	73,000	73,000
STOCKHOLDERS' EQUITY:		
Common stock $.01 par - shares authorized 10,000,000; outstanding 7,340,000	73,400	73,400
Additional paid-in capital	4,861,095	4,861,095
Deferred compensation	(820)	(9,010)
Retained earnings	4,863,639	4,949,296
TOTAL STOCKHOLDERS' EQUITY	9,797,314	9,874,781
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$21,731,527	$20,248,180

See accompanying notes to the consolidated condensed financial statements.

HOLIDAY RV SUPERSTORES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF INCOME

(Unaudited)

	THREE MONTHS ENDED JANUARY 31	
	1992	1991
SALES & SERVICE REVENUE	$7,642,733	$6,973,626
RENTAL REVENUE	126,170	105,679
Total revenue	7,768,903	7,079,305
COST OF SALES AND SERVICE	6,399,166	5,909,904
COST OF RENTALS	79,343	70,652
Total costs	6,478,509	5,980,556
GROSS PROFIT	1,290,394	1,098,749
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	1,302,223	1,172,871
Income (loss) from operations	(11,829)	(74,122)
INTEREST INCOME	29,292	50,641
INTEREST EXPENSE	147,246	185,737
Income (loss) before income taxes	(129,783)	(209,218)
INCOME TAXES (BENEFIT)	(44,126)	(78,910)
NET INCOME	($85,657)	($130,308)
EARNINGS PER SHARE OF COMMON STOCK	($0.012)	($0.018)
SHARES OUTSTANDING	7,340,000	7,340,000

See accompanying notes to the consolidated condensed financial statements.

HOLIDAY RV SUPERSTORES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

	Three months ended January 31	
	1992	1991
Cash flows from operating activities:		
Cash received from customers	$7,510,187	$6,904,904
Cash paid to suppliers and employees	(7,574,410)	(7,434,872)
Interest received	29,292	50,640
Interest paid	(156,780)	(186,643)
Income taxes refunded	-	116,715
Net cash used for operating activities	(191,711)	(549,256)
Cash flows from investing activities:		
Purchase of equipment	(9,601)	(52,010)
Proceeds from the sale of rental fleet and equipment	5,900	13,420
Net cash used for investing activities	(3,701)	(38,590)
Cash flows from financing activities:		
Repayment of capital lease obligations	(1,823)	-
Net cash used for financing activities	(1,823)	-
Net cash used for operating, investing and financing activities	(197,235)	(587,846)
Cash and cash equivalents, beginning of year	2,005,992	2,950,498
Cash and cash equivalents, end of quarter	$1,808,757	$2,362,652

See accompanying notes to the consolidated condensed financial statements.

HOLIDAY RV SUPERSTORES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONCLUDED)

(UNAUDITED)

	Three months ended January 31	
	1992	1991
Reconciliation of net income (loss) to net cash provided by (used for) operating activities:		
Net income (loss)	($85,657)	($130,308)
Adjustments to reconcile net income (loss) to net cash used for operating activities:		
Depreciation and amortization	103,017	100,179
Gain on disposal of property and equipment and rental fleet	-	(5,123)
Cash provided by (used for):		
Accounts receivable	(258,716)	(169,279)
Refundable income taxes	(44,126)	37,805
Inventories	(1,542,719)	(817,840)
Prepaid expenses	73,853	(4,971)
Floor plan contracts	1,424,778	422,886
Accounts payable	124,259	(51,773)
Customer deposits	105,084	72,652
Accruals	(91,484)	(3,484)
Net cash used for operating activities	($191,711)	($549,256)

See accompanying notes to the consolidated condensed financial statements.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

NOTE 1.

The unaudited financial statements presented herein have been prepared in accordance with the instructions to Form 10-Q and do not include all of the information and disclosures required by generally accepted accounting principles. These statements should be read in conjunction with the financial statements and notes thereto included in the Company's Form 10-K for the year ended October 31, 1991. The accompanying financial statements have not been examined by independent accountants in accordance with generally accepted auditing standards, but in the opinion of management such financial statements include all adjustments, consisting only of normal recurring adjustments and accruals, and intercompany eliminations necessary to summarize fairly the Company's financial position and results of operations. The results of operations for the three months ended January 31, 1992 are not necessarily indicative of results to be expected for the full fiscal year, due to the seasonality of the Company's business.

Certain items in the Consolidated Statements of Cash Flows for January 31, 1991 have been reclassified to conform with the current period presentations.

NOTE 2. INVENTORIES.

Inventories are summarized as follows:

	January 31, 1992	October 31, 1991
New Vehicles	$ 10,753,543	$ 9,813,012
New Marine	572,673	345,854
Used Vehicles	3,275,359	2,904,510
Used Marine	107,528	92,966
Parts and Accessories	811,291	835,598
	$ 15,520,394	$ 13,991,940

Note 3. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

The change in inventory includes a non-cash transfer of rental vehicles to and from inventory in the amount of $14,265 for the three months ended January 31, 1992, and $160,353 for the three months ended January 31, 1991.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Material Changes in Financial Condition.

Certain current accounts, such as accounts receivables, inventories, floor plan contracts, other current assets, and current liabilities, materially changed during the period. These changes are a result of normal seasonality of the business except as discussed in the liquidity and capital resources section of this report.

Results of operations for the three months ended January 31, 1992 compared to the three months ended January 31, 1991.

Sales and service revenue increased 9.6% to $7.6 million from $7.0 million. This increase was due to an increase in the number of new and used recreational vehicles sold, with new vehicles representing 7.0% of the increase and used vehicles 2.6% of the increase. The average selling price of new recreational vehicles decreased by 6.7%. The effect of the decrease in the average price of new recreational vehicles sold on revenue was offset by an 11.7% increase in the average price of used recreational vehicles sold.

The increase in the number of recreational vehicles sold is attributable to an increase in consumer demand, experienced industry-wide. The decrease in the average price of new vehicles sold is a continuation of the shifts in a consumer purchasing trend away from the higher priced motorized vehicles to the lower priced towable vehicles.

In light of improved consumer sentiment regarding the U.S. economy, as well as lower interest rates, the Company's Management foresees a continued increase in both new and used vehicle sales for Fiscal 1992. Management also expects key manufacturer's brands of class "A" and class "C" motorized vehicles in the Company's inventory mix to reverse their decreasing sales trend experienced in Fiscal 1991 and the first quarter of Fiscal 1992 and increase in unit and dollar sales for the remaining months of Fiscal 1992 due to "pent-up demand".

Listed below are the 1991 calendar year comparison to 1990 calendar year of shipments from recreational vehicle manufacturers, as reported by the Recreational Vehicle Industry Association, (RVIA, Reston, Virginia) for the industry class segments the Company primarily sells.

Changes in Recreational Vehicle Manufacturers Shipments
By Selected Class
For Calendar Year 1991 from Calendar Year 1990

Motorhomes -	Class "A"	-18.2%
	Class "C"	- 9.5%
Towables -	Conventional Travel Trailers	- 3.9%
	Fifth Wheels	+ 3.0%

Historically, the Company has primarily represented motorized recreational vehicles. Management has changed the new product mix at some of its dealerships to increase towable vehicle sales, but has maintained its best selling class "A" and class "C" brands to maximize dollar sales and gross profits as motorized vehicle sales rebound.

Agency commissions from finance and insurance activities, parts, service and body shop revenue had no significant change from the previous year.

Rental revenue increased 19.4% to $126,000 from $106,000 due to increased revenue at both dealerships maintaining rental fleets, Orlando and Atlanta, as well as rental revenue from a restart of rental operations at the Jacksonville dealership. The Company is continuing to develop its "Club Conestoga" franchises at all six locations. Club Conestoga, a recreational vehicle rental travel club, whereby members rent recreational vehicles at reduced prices and receive membership services not customarily offered by daily rental companies. "Club Conestoga" membership sales have been minimal for the Company thus far, however the Company's Management feels this rental concept offers a significant alternative revenue source to its rental operations as the "Club Conestoga" franchisee network continues to evolve nationwide.

Cost of sales and service revenue decreased to 83.7% from 84.7%

Cost of rentals as a percentage of rental revenue, a measurement of fleet utilization, (inverse relationship between cost of rentals and fleet utilization), decreased to 62.9% from 66.9%. The Company's Management expects utilization to continue to increase thereby lowering the cost of rentals as a percentage of rental revenue due to improved rental fleet management and adjustments for seasonal changes in rental revenue.

Gross profit increased by 17.4% to $1.3 million from $1.1 million. As a percentage of total revenue, gross profit increased to 16.6% from 15.5%. The dollar increase in gross profit was primarily due to the increases in the number of new and used vehicles sold. The increase in gross profit, as a percentage of revenue, was primarily due to increased gross profits from the sale of new vehicles. The Company's Management expects this trend of increased gross profit percentages for new vehicle sales to continue in Fiscal 1992. However, Management also expects these increases to be somewhat offset by the sale of aged used inventories at significantly lower gross margins during the summer selling season.

Selling, general and administrative expenses (SG&A) increased to $1.30 million from $1.17 million. As a percentage of total revenue, SG&A increased slightly to 16.8% from 16.6%. This increase was due to an increase in personnel related costs which the Company's management feels are a necessary element in returning the Company to profitability. The Company's management expects SG&A expenses to continue to increase in Fiscal 1992 as increases occur in sales and service revenue, but to a lesser degree.

The loss from operations decreased by 84% to a loss of $12,000 from a loss of $74,000. The loss from operations, as a percentage of total revenue increased from a negative 1.0% to a negative 0.2%.

Interest income decreased 42.2% to $29,000 from $51,000. This decrease was primarily due to a decrease in the yield on short term investments of corporate cash. Interest expense decreased by 20.7% to $147,000 from $186,000. This decrease is essentially due to reduced interest rates paid on floor plan contracts.

Income before taxes increased by 38% to a loss of $130,000 from a loss of $209,000. Income before taxes, as a percentage of revenue increased to a negative 1.7% from a negative 3.0%.

Net income increased 34.3% to a loss of $85,700 from a loss of $130,300. Net income, as a percentage of revenue, increased to a negative 1.1% from a negative 1.8%

Liquidity and Capital Resources

The Company continues to maintain a strong financial position and excellent liquidity. Cash and cash equivalents totaled $1.8 million at January 31, 1992 compared to $2.4 million at January 31, 1991. Net working capital was $6.9 million as of January 31, 1992 compared to $7.3 million, a decrease of 4.6%.

The Company's current ratios as of January 31, 1992 and 1991 were 1.59 and 1.66 respectively. The Company's current ratio as of January 31, 1992 was 23% greater than the recreational vehicle dealer's industry average current ratio for 1990-91 of 1.3, according to Robert Morris Associates, PA (RMA).

The quick ratios as of January 31, 1992 and 1991 were 0.27 and 0.37 respectively. The Company's quick ratio, a measure of the ability to pay off current liabilities without relying on the sale of inventories, as of January 31, 1992 was approximately two and a half times greater than the recreational vehicle dealer's industry quick ratio average for 1990-91 of 0.1 (RMA).

Debt to equity, a measure of the financing provided by the Company's creditors versus financing provided by shareholders, as of January 31, 1992 and 1991 was 1.2 and 1.1 respectively. The industry average (RMA) for 1990-91 was 4.2.

The companv's principal long term commitments, as of the end of January 31, 1992, consist of obligations under operating leases. The Company also has a contingent liability to repay a portion of agency commissions (fees) received from lending institutions, whereby the Company referred customers to one or more third party financing sources, and earned referral fees (agency commissions) if the lender consummated a loan contract to the customer. In some cases, the Company is charged back a pro rata amount by the lender if the loan does not reach maturity for various reasons, such as foreclosure, refinancing or loan pay-off. The Company records the total commissions when earned, less an allowance (provisions) for charge backs, based on the probable effects of prepayments, defaults, etc. Those provisions are reviewed and adjusted on a periodic basis. Management expects current provisions and future periodic adjustments to these provisions, to be sufficient to repay this contingency and does not expect the ultimate liability to have a significant impact on the liquidity of the company.

As of January 31, 1992, the Company had maximum borrowing available under floor plan contracts and bank lines of $16.5 million, of which, approximately $5.7 million was not used.

Management believes that during the next twelve months, cash generated by operating activities, cash and cash equivalents currently on deposit with financial institutions and financing currently available from floor plan financing companies and banks will be sufficient for its capital and operating needs.

PART II

Other Information

There is no information to report under Items 1, 2, 3, 4, and 5 of Part II of this report.

Item 6.

No exhibits are required to be filed by the Company with this report.

The Company did not file a report on Form 8-K for the three month period ended January 31, 1992.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date

HOLIDAY RV SUPERSTORES, INCORPORATED

March 12, 1992

By: Newton C. Kindlund Pres

Newton C. Kindlund, President,
Chief Executive Officer
Principal Executive Officer

March 12, 1992

J. M. Kindlund as Secretary

Joanne M. Kindlund, Executive Vice President-Administration,
Secretary/Treasurer
Principal Administrative Officer

March 12, 1992

V.P.

W. Hardee McAlhaney, Vice President,
Chief Financial Officer
Principal Financial and Accounting Officer

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SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended December 22, 1991

Commission File Number 0-14650

RUDY'S RESTAURANT GROUP, INC.

Nevada	88-0210808
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
4500 Biscayne Blvd., PHN, Miami, FL	33137
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code:

(305) 576-8000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ___

SEC MAIL PROCESSING SECTION
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APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at February 26, 1992
Common Stock, par value $.01 per share	3,520,000

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RUDY'S RESTAURANT GROUP, INC.
AND SUBSIDIARIES

INDEX

PART I. FINANCIAL INFORMATION — PAGE NO.

Item 1. Financial Statements

Consolidated Balance Sheets - December 22, 1991 and September 29, 1991 — 1

Consolidated Statements of Operations - Twelve weeks ended December 22, 1991 and December 23, 1990 — 3

Consolidated Statements of Cash Flows - Twelve weeks ended December 22, 1991 and December 23, 1990 — 4

Notes to Consolidated Financial Statements — 5

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations — 7

PART II. OTHER INFORMATION

Item 1: Legal Proceedings — 9
Item 2: Changes in Securities — 9
Item 3: Defaults upon Senior Securities — 9
Item 4: Submission of Matters to a Vote of Security Holders — 9
Item 5: Other Information — 9
Item 6: Exhibits and Reports on Form 8-K — 9

RUDY'S RESTAURANT GROUP, INC.
AND SUBSIDIARIES

Consolidated Balance Sheets

ASSETS

	12/22/91 (unaudited)	9/29/91
Current Assets:		
Cash and cash equivalents	$ 30,711	$ 280,752
Accounts receivable	59,938	20,171
Note receivable	886,452	—
Due from parent	18,368	18,368
Inventories	163,943	164,265
Prepaid insurance	216,320	140,887
Other prepaid expenses	43,869	30,264
Total current assets	1,419,601	654,707
Property and Equipment, net	1,431,019	1,467,137
Goodwill, net of accumulated amortization of $413,218 at December 22, 1991 and $394,316 at September 29, 1991	1,082,076	1,100,978
Other assets	270,831	1,194,076
	$ 4,203,527	$ 4,416,898

See accompanying notes to financial statements.

RUDY'S RESTAURANT GROUP, INC.
AND SUBSIDIARIES

Consolidated Balance Sheets

LIABILITIES AND STOCKHOLDERS' EQUITY

	12/22/91 (unaudited)	9/29/91
Current Liabilities:		
Current maturities of debt	$ 1,943,104	$ 244,058
Accounts payable and accrued expenses	956,693	1,211,366
Total current liabilities	2,899,797	1,455,424
Deferred accrued interest	63,586	54,410
Notes payable and other long-term debt, excluding current maturities	195	1,640,332
Total liabilities	2,963,578	3,150,166
Stockholders' Equity:		
Preferred stock, $.01 par value. Authorized 10,000,000 shares, none issued.		
Common stock, $.01 par value. Authorized 30,000,000 shares; issued and outstanding 3,520,000 shares	35,200	35,200
Paid-in capital	17,823,603	17,823,603
Accumulated (deficit)	(16,618,854)	(16,592,071)
Net stockholders' equity	1,239,949	1,266,732
	$ 4,203,527	$ 4,416,898

See accompanying notes to consolidated financial statements.

4

RUDY'S RESTAURANT GROUP, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS
(unaudited)

	Twelve Weeks Ended	
	12/22/91	12/23/90
Total Revenue	$ 2,304,480	$ 2,323,841
Cost of goods sold:		
Food, beverages and supplies	633,230	690,360
Labor & related costs	573,337	562,032
Total cost of goods sold	1,206,567	1,252,392
Expenses of restaurant operations:		
General operations	834,582	824,865
Depreciation and amortization	56,708	65,206
Total restaurant expenses	891,290	890,071
Earnings from restaurant operations	206,623	181,378
Corporate overhead:		
General and administrative expenses	144,653	219,580
Depreciation and amortization	27,224	22,050
Interest expense	41,887	47,271
Total corporate overhead	213,764	288,901
(Loss) on reduction of assets to net realizable value	(19,642)	—
Net (loss)	$ (26,783)	$ (107,523)
Net (loss) per equivalent share	$ (.01)	$ (.03)

See accompanying notes to financial statements.

RUDY'S RESTAURANT GROUP, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

Increase (Decrease) in Cash and Cash Equivalents

	Twelve Weeks Ended	
	12/22/91	12/23/90
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (26,783)	$(107,523)
Non-cash items:		
Depreciation and amortization	83,931	87,256
Loss on reduction of assets to net realizable value	19,642	---
Increase in deferred interest	9,175	8,400
(Increase)/Decrease in accounts receivable	(44,557)	90,049
Decrease in inventories	322	1,671
(Increase) in prepaid insurance	(75,432)	(226,320)
Increase in other prepaid expenses	(13,605)	(41,032)
(Decrease) in accounts payable and accrued expenses	(254,673)	(114,098)
Amortization of loss from discontinued operations	—	(121,696)
Total adjustments	(275,197)	(315,770)
Net cash (used in) operating activities	(301,980)	(423,293)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of discontinued operations	—	282,000
Capital expenditures	(11,114)	(7,780)
Collection of non-trade receivable	4,144	2,512
Net cash (used in) provided by investing activities	(6,970)	276,732
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of debt	101,075	265,526
Principal payments of notes payable and long-term debt	(42,166)	(158,777)
Principal payments of capital lease obligations	—	(395)
Net cash provided by financing activities	58,909	106,354
Net (Decrease) in Cash and Cash Equivalents	(250,041)	(40,207)
Cash and Cash Equivalents, September 29, 1991 and September 30, 1990, respectively	280,752	413,547
Cash and Cash Equivalents, December 22, 1991 and December 23, 1990, respectively	$ 30,711	$ 373,340

RUDY'S RESTAURANT GROUP, INC.
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Financial Statement Presentation

The unaudited financial statements presented herein have been prepared in accordance with the instructions to Form 10Q and do not include all of the information and note disclosures required by generally accepted accounting principles. These statements should be read in conjunction with the financial statements and notes thereto included in the Company's Form 10K for the year ended September 29, 1991. The accompanying financial statements have not been examined by independent accountants in accordance with generally accepted auditing standards, but in the opinion of management, such financial statements include all adjustments, consisting of only normal recurring accruals, necessary to summarize fairly the financial position of Rudy's Restaurant Group, Inc. and Subsidiaries (the "Company") as of December 22, 1991 and the results of operations for the twelve weeks ended December 22, 1991 and December 23, 1990. The results of operations for the period ended December 22, 1991 are not necessarily indicative of the results to be expected for the full year.

Business. Rudy's Restaurant Group, Inc. (the "Company"), is a Nevada corporation which, through its wholly-owned subsidiary, The Samurai, Inc. ("The Samurai") owns and operates Japanese-style steakhouse restaurants. The Company also owns 100% of the stock of Rudy's Sirloin Steakburgers, Inc. ("Rudy's") and Maxwell's International Inc. ("Maxwell's").

Basis of Presentation. The Company sold substantially all of the assets, net of related capital lease obligations, of its Rudy's subsidiary in January 1991. The business operations of the Rudy's subsidiary represented a major line of business of the Company through the date of the disposition and thus are discussed herein and in the Company's financial statements as "Discontinued Operations". The Company continues to own and operate The Samurai, Inc., a full-service restaurant chain of seven Japanese Steak and Seafood restaurants.

At December 22, 1991 the Company's current liabilities exceed its current assets by approximately $1,480,000. Current liabilities include the Company's outstanding debt to Heller Financial, Inc. ("Heller"), the Company's major creditor, $1,345,000 at December 22, 1991. This obligation is payable $25,000 principal due monthly beginning April 1992 through November 1992, at which time the remaining balance is due in full. Based on the above facts and certain uncertainties with regard to ongoing legal proceedings and a related party guarantee, there exists substantial doubt as to the ability of the Company to continue as a going concern. The accompanying consolidated financial statements, however, have been prepared assuming that the Company will continue as a going concern and, as such, do not include adjustments that might result in the event the Company is unable to generate a sufficient level of cash flow to meet its obligations and sustain its ongoing operations.

The Company's ability to continue as a going concern is dependent on its ability to generate sufficient cash flow from operations during 1992 to repay Heller in November 1992, extend the terms of repayment of its obligation to Heller, or, in the alternative, to obtain alternate financing. There are no assurances that the Company will be successful in its efforts. Management believes, however, that subject to the satisfactory resolution of the uncertainties to which the Company is a party, the effect of cost-reduction measures implemented within the past two years and certain projected additional reductions in expenses will provide the Company with sufficient liquidity to meet its remaining obligations, sustain its ongoing operations and thus, continue as a going concern.

7

Inventories. Inventories, consisting primarily of food, beverages and restaurant supplies, are stated at the lower of cost (first-in, first-out method) or market.

Property and Equipment. Property and equipment are stated at cost.

Depreciation and amortization are provided on a straight-line method over the estimated useful life of the asset.

Goodwill. Goodwill, the excess of the cost of net tangible assets of acquired businesses over recorded value, is amortized on the straight-line method over forty (40) years or the remaining term of the lease associated with the business assets acquired.

Earnings (Loss) Per Share. Earnings (loss) per share is calculated using the weighted average number of shares of common stock outstanding and common stock equivalents if dilutive.

Cash Equivalents. For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Income Taxes. In December 1987, the Financial Accounting Standards Board issued Statement No. 96, "Accounting for Income Taxes". A significant provision of Statement No. 96 is the change from the deferred to the liability method of computing deferred income taxes. Under the liability method, deferred income taxes are adjusted for changes in statutory income tax rates as they occur. The adoption of Statement No. 96, as amended by Statement No. 103 which deferred the effective date of Statement No. 96 until fiscal 1993, is not expected to have a significant effect on the Company's consolidated financial statements.

8

PART I. FINANCIAL INFORMATION

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition

Results of Operations - First Quarter 1992 Compared to First Quarter 1991

Business Overview. The Company sold substantially all of the assets, net of related capital lease obligations, of its Rudy's subsidiary in January 1991. The business operations of the Rudy's subsidiary represented a major line of business of the Company through the date of the disposition and thus are discussed herein and in the Company's financial statements as "Discontinued Operations". The Company continues to own and operate The Samurai, Inc., a full-service restaurant chain of seven Japanese Steak and Seafood restaurants.

At December 22, 1991 the Company's current liabilities exceed its current assets by approximately $1,480,000. The Company's obligation to Heller Financial Inc. ("Heller"), the Company's major creditor, totals $1,345,000 at December 22, 1991 and is included in the accompanying balance sheet in current liabilities. This obligation is payable $25,000 principal due monthly April through November 1992 at which time the remaining balance is due in full. Based on these facts and certain uncertainties with respect to a related party guarantee and ongoing legal proceedings, there exists substantial doubt as to the ability of the Company to continue as a going concern.

Although the nationwide economic recession has had a significant impact on consumer spending resulting in a decline in revenues in the first quarter fiscal 1992 as compared to the first quarter fiscal 1991, the Company's net loss for the first quarter 1992 improved by $81,000 to a loss of $27,000 as compared to a first quarter 1991 loss of $108,000. This improvement in the Company's operations in the first quarter 1992 is the result of various cost-containment and reduction measures implemented within the past two years. Management is continuing in its efforts to reduce costs and believes that, subject to the satisfactory resolution of the uncertainties to which it is a party, these cost-reduction measures will provide the Company with sufficient liquidity to meet its remaining obligations, sustain its ongoing operations and thus, continue as a going concern.

Revenues. Revenues in the first quarter 1992 totalled $2,304,000, a decrease of $20,000 or .9% as compared to the first quarter 1991. Revenues as adjusted for price changes represent a decline of 1.3% in volume as compared to the first quarter 1991 revenues, whereas price increases improved sales by .4% of revenues as compared to the first quarter 1991. Management believes the 1.3% decline in sales volume is the result of nationwide economic conditions which have caused a decline in consumer spending. In addition, because of the limited number and diverse geographic location of its restaurants, it is not economically beneficial for the Company to use extensive mass-media advertising available to larger restaurant companies.

Cost of Goods Sold. Cost of goods sold improved 1.5% to 52.4% of revenues in the first quarter 1992 as compared to 53.9% of revenues in the first quarter 1991. Food, beverage and supplies costs improved 2.2% to 27.5% of revenues in the first quarter 1992 as compared to 29.7% of revenues in the first quarter 1991. Of this improvement in food costs, 1% is the result of increases in sale prices; the balance of the improvement is the result of various factors including certain refinements in menu items and reductions in the cost of certain meat products. Labor costs increased .7% to 24.9% of revenues in the first quarter 1992 as compared to 24.2% of revenues in the first quarter 1991. This increase is the result of the effects of the increase in Federal minimum wage effective April 1991 and increased group health insurance costs. In addition, the proper preparation of the menu items served at the Samurai restaurants requires a high degree of specialized training and experience, and the availability of individuals qualified to fill certain positions is limited. Thus, restaurant personnel costs cannot be reduced proportionately when revenues decline.

Expenses of restaurant operations: General. General operations include restaurant management and supervision, occupancy costs, repairs and maintenance, utilities, advertising and property and liability insurance. Overall, the cost of general operations increased approximately $10,000 in the first quarter 1992 as compared to the first quarter 1991. The cost of restaurant management increased $13,000 primarily as a result of increased cost of group health insurance; repairs and maintenance costs increased approximately $6,000: advertising expense increased approximately $6,000. As a result of modifications in certain lease agreements and reductions in real estate taxes, occupancy costs decreased approximately $15,000.

Corporate Overhead. General and administrative expenses decreased $75,000 in the first quarter 1992 as compared to the first quarter 1991. Substantially all of the reduction in these costs is the result of the down-sizing of the administrative offices made possible by the sale of the Rudy's segment in January 1991.

Liquidity and Capital Resources

Cash flow used in operating activities was $302,000 used in the first quarter 1992 as the Company continued to reduce accounts payable and accrued expenses which had accumulated prior to the sale of the Rudy's segment in January 1991. This is as compared to cash flow used in operating activities of $423,000 used in the first quarter 1991 when the Company financed a cash loss $122,000 related to the first quarter 1991 operating losses of the Rudy's segment.

The terms of the Company's loan agreement with Heller include numerous covenants with which the Company is required to comply on a periodic and annual basis, including, but not limited to, certain reporting requirements, financial ratios, earnings and net worth levels. The agreement also includes provisions restricting borrowing, dividend distributions and the use of proceeds from the sale of assets. Due to operating losses incurred, the sale of the Rudy's segment and certain other factors, the Company was not able to comply with certain of these covenants and restrictions in fiscal 1991. Heller waived compliance with the covenants and restrictions with which the Company was unable to comply at September 29, 1991 and December 22, 1991.

The obligation to Heller, total $1,345,000 at December 22, 1991, is payable $25,000 principal due monthly April through November 1992 at which time the remaining balance is due in full. The Company's ability to continue as a going concern is dependent on its ability to generate sufficient cash flow during 1992 to repay Heller in November 1992, extend the ter[illegible] of repayment of this obligation, or, in the alternative, to obtain other financing. There are no assurances the [illegible]pany will be successful in its efforts.

In October 1991, the Company incurred additional indebtedness of $101,000 which was used to fund the Company's insurance premiums for fiscal 1992. Payments on this indebtedness totalled $37,600 in the first quarter 1992. This obligation is due in full in fiscal 1992.

Capital expenditures to be funded out of cash flow from operating activities are expected to total approximately $100,000 in fiscal 1992, of which $7,000 was spent in the first quarter 1992.

The Company's outstanding indebtedness which bears interest at rates varying with the prime rate totals $1,745,000 at December 22, 1991. Thus, changes in the prime rate affect both the Company's cash flow and results of operations.

The Company presently pays a significant portion of its employees in excess of the Federal minimum wage. In addition, a large number of the Company's employees are tipped employees whose wages are subject to the Federal tip credit. Therefore, although increased state and federal minimum wage rates have some impact on the Company's results of operations, such impact has not been and is not expected to be significant.

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

Rudy's Sirloin SteakBurgers, Inc., merged with Rudy's Sirloin SteakBurgers Restaurant and Design, a/k/a Unified Ventures Inc., Debtor (United States Bankruptcy Court, Southern District of Florida, Case NO. 91-16247-BKC-AJC)

In December 1991 a creditors petition in involuntary bankruptcy was filed against the Company's Rudy's subsidiary. In January 1992 this proceeding was dismissed without prejudice.

Item 2. Changes in Securities

None

Item 3. Defaults upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

RUDY'S RESTAURANT GROUP, INC.
(Registrant)

Dated: February 26, 1992

Douglas M. Rudolph, President

Dated: February 26, 1992

Marie G. Peterson, Treasurer and
Chief Financial Officer

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33-6534 MOTORS MECHANICAL REINSURANCE CO LTD

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

X Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For quarterly period ended March 31, 1992

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from to

Commission File Number 33-6534

Motors Mechanical Reinsurance Company, Limited
(Exact name of registrant as specified in its charter)

Barbados	NA
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
Collymore Rock, St. Michael, Barbados	NA
(Address of principal executive offices)	(Zip Code)

(809) 436-4895
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

Class	As of March 31, 1992
Common Stock, no par-value	2,000
Participating Stock, no par-value	11,500

This quarterly report, filed pursuant to Rule 13a-13 of the General Rules and Regulations under the Securities Exchange Act of 1934, consists of the following information as specified in Form 10-Q:

PART 1. FINANCIAL INFORMATION

Item 1. Financial Statements

1. Balance Sheets, March 31, 1992 and December 31, 1991.
2. Statements of Income and Retained Earnings for the three month periods ended March 31, 1992 and March 31, 1991.
3. Statements of Cash Flows for the three month periods ended March 31, 1992 and March 31, 1991.

In the opinion of Management, the accompanying financial statements reflect all adjustments, consisting of normal recurring accruals, which are necessary for a fair presentation of the results for the interim periods presented.

MOTORS MECHANICAL REINSURANCE COMPANY, LIMITED
BALANCE SHEETS
(Expressed in U.S. Dollars)

	March 31, 1992 (unaudited)	December 31, 1991
ASSETS		
Investments	$20,973,295	$16,319,288
Cash and cash equivalents	256,014	3,589,433
Accrued investment income	1,092,346	892,921
Due from ceding company	1,177,289	1,703,338
Deferred acquisition costs	5,879,458	5,619,076
Prepaid expenses	1,875	0
Total Assets	$29,380,277	$28,124,056
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Unearned premium	22,680,076	21,682,335
Loss reserves	1,472,562	1,396,542
Accrued liabilities	107,370	69,126
Total Liabilities	24,260,008	23,148,003
STOCKHOLDERS' EQUITY		
Share capital		
Common stock - no par value; Authorized - 2,000 shares; issued and outstanding - 2,000 shares	200,000	200,000
Participating stock - no par value; Authorized - 100,000 shares; issued and outstanding - 11,500 shares as of March 31, 1992 and 10,900 shares as of December 31, 1991	862,500	817,500
	1,062,500	1,017,500
Retained earnings	3,753,579	3,043,266
Unrealized appreciation on investments	304,190	915,287
Total Stockholders' Equity	5,120,269	4,976,053

Total Liabilities and Stockholders' Equity	$29,380,277	$28,124,056

MOTORS MECHANICAL REINSURANCE COMPANY, LIMITED
STATEMENTS OF INCOME AND RETAINED EARNINGS
FOR THE THREE MONTH PERIODS ENDED
MARCH 31, 1992 AND MARCH 31, 1991
(UNAUDITED)
(Expressed in U.S. Dollars)

	Three Month Periods Ended March 31, 1992	March 31, 1991
INCOME		
Reinsurance premiums written	$3,912,738	$ 3,949,450
Increase in unearned premiums	997,741	1,525,559
Premiums earned	2,914,997	2,423,891
Investment income		
Interest earned	384,790	297,390
Realized gains on investments	91,977	147,738
Investment income - net	476,767	445,128
TOTAL INCOME	3,391,764	2,869,019
EXPENSES		
Acquisition costs	756,943	667,542
Losses paid	1,726,361	1,509,953
Increase in loss reserves	76,020	119,817
Administrative expenses	122,127	86,076
TOTAL EXPENSES	2,681,451	2,383,388
NET INCOME	710,313	485,631
RETAINED EARNINGS, beginning of period	3,043,266	1,273,198
RETAINED EARNINGS, end of period	$3,753,579	$1,758,829

MOTORS MECHANICAL REINSURANCE COMPANY, LIMITED
STATEMENTS OF CASH FLOWS FOR THE THREE MONTH PERIODS ENDED MARCH 31, 1992 AND MARCH 31, 1991

(Unaudited)
(Expressed in U.S. Dollars)

	Three Month Periods Ended March 31, 1992	March 31, 1991
Cash flows from operating activities:		
Reinsurance premiums assumed	$ 4,461,621	$ 2,386,254
Underwriting expenses paid	(2,779,824)	(2,291,808)
Administrative expenses paid	(73,360)	(64,531)
Investment income received	278,248	413,248
Net cash provided by operating activities	1,886,685	443,163
Cash flows from investing activities:		
Purchases of marketable securities	(15,355,645)	(8,263,331)
Sales and maturities of marketable securities	10,090,541	8,041,038
Net cash invested	(5,265,104)	(222,293)
Cash flows from financing activities:		
Proceeds from issuance of Participating stock	45,000	30,000
Net cash provided by financing activities	45,000	30,000
Increase/(decrease) in cash and cash equivalents	(3,333,419)	250,870
Cash and cash equivalents, beginning of period	3,589,433	286,856
Cash and cash equivalents, end of period	$ 256,014	$ 537,726
Reconciliation of net income to net cash provided by operating activities:		
Net income	$ 710,313	$ 485,631
Change in:		
Accrued investment income	(199,425)	(43,766)
Due from ceding company	526,049	(1,247,547)
Deferred acquisition costs	(260,382)	(395,126)
Prepaid expenses	(1,875)	(1,875)
Unearned premium	997,741	1,525,559
Loss reserves	76,020	470
Accrued liabilities	38,244	119,817
Net cash provided by operating activities	$ 1,886,685	$ 443,163

Item 2. Management's Discussion And Analysis Of Financial Condition And Results Of Operations

Liquidity. It is anticipated that the Company will continue to be able to generate sufficient funds from operations to meet current liquidity needs. Premiums generated by the Company's reinsurance business combined with proceeds from the sale of Shares will continue to be the principal sources of funds for investment by the Company. Such funds, and investment earnings thereon, will be available to meet the Company's liquidity requirements. No capital expenditures are expected during the next few years.

On April 30, 1992, the Board of Directors authorized the payment of dividends to eligible holders of Participating Shares aggregating $1,021,705.

Capital Resources. As of March 31, 1992, the share capital of the Company was $1,062,500 comprised of paid in capital with respect to the Common Stock of $200,000 and paid in capital with respect to Participating Shares of $862,500. In addition, the Company had surplus from retained earnings in the amount of $3,753,579.

Under Barbados law, the Company is required to maintain net assets equal in value to at least 20% of premium income during the preceding financial year. MIC has agreed to provide additional capital for a period of at least 5 years from the date that Shares were first issued (i.e. until December 11, 1992). The Company is currently in compliance with the net asset value requirements of Barbados insurance law without the need for a letter of credit from MIC.

Results of Operations. The Company has recorded net income for the three month period ended March 31, 1992, of $710,313 compared to net income of $485,631 for the three month period ended March 31, 1991.

Net Premium volume continues to increase as additional participants are added to the program. During the quarter ended March 31, 1992, six new series of Shares were added bringing the total number of series approved to 115. The ratio of losses incurred to premiums earned for the quarter under review is 61.8% as compared to 67.2% for the three month period ended March 31, 1991. The improvement of this ratio is attributable to a combination of factors including the expiration of certain unlimited mileage GMPP mechanical plans. The loss ratio may not be indicative of underwriting results for the entire year.

Investment income continues to increase as net premium flow to the Company generates additional funds available for investment. Cash, cash equivalents and investments valued at market have increased from $19,908,721 at the beginning of the year to $21,229,309 at March 31, 1992.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

No reports on Form 8-K were filed during the quarter for which this report is filed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MOTORS MECHANICAL REINSURANCE COMPANY, LIMITED (Registrant)

By:s/Ronald W. Jones
Ronald W. Jones
Vice President,
signing on behalf of
the Registrant, and
Principal Financial Officer

Dated: May 12, 1992

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Form 10-Q

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

(Mark One)
(X) Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 1992

or

( ) Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Transition Period From __________ to __________

PROCESSED BY
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MAY 15 1992

Commission File Number 0-16240

OTRA SECURITIES GROUP, INC.
(Exact name of registrant as specified in

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

UTAH
(State or other jurisdiction incorporation or organization)

95-40
(I.R.S Employer Identification No.)

L39

North Maryland, St. L.L.
Glendale, California
(Address of principle executive offices)

91206
(Zip Code)

Registrant's telephone number including area code: (818) 502-1555

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No __

Indicate the number of shares outstanding of each of the issuer's classes of common stock as May 11, 1992:

Common Stock, $0.01 par value	3,706,122
Class	Number of Shares

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OTRA SECURITIES GROUP, INC.

Item 1. Financial Statements:

SEE ATTACHED EXHIBITS (Exhibit No. 1) Page 6

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation:

Comparison of Quarterly Reports. The results of operations for the Company and its subsidiaries, on a consolidated basis, reflect an increase in total revenues of $1,269,819 and income before taxes of $110,942, which equates to a 102.2% increase in income to the Company.

The changes in gross revenue and net income continue to demonstrate Management's efforts to diversify the overall income sources of the Company. The most significant increase in revenue is the $639,204 (239.7%) increase in equity trading profits, followed by an increase in commissions of $334,695 (682.3%). The retail market activity of OTRA Clearing, Inc.'s Investor Service Division, Reynolds Kendrick Stratton, was a substantial contributor to the increased revenues and profits.

In addition, the business valuation subsidiaries produced very healthy increased gross revenues during the first quarter. Revenues for the period from this segment increased by $108,813 or 52.5% over the first quarter of 1991.

Total revenues increased by 49.9% over the first quarter of 1991 and expenses increased by $1,080,077 (45.3%). The most significant increase is compensation of $516,354 (50.7%), of this $264,014 consisted of commission expense directly related to the gross commissions generated through equity trading and investor services.

Professional fees increased by $183,868 (263.1%) and other expenses increased by $205,069 (210.2%) over the first quarter of 1991. The significant increase in professional fees reflects, in part, the expenditure of time and effort which have resulted in the successful settlement of certain outstanding claims and collection of portions of judgements in others. Additionally, increases in the occupancy expenses the costs associated with the opening of Reynolds Kendrick Stratton Investor Services in San Francisco are included in the expense total.

Even with the increased activity and associated expenses, as stated, the net income before taxes for the first quarter of 1992 was $353,449 compared to $163,707 for the first quarter in 1991. This overall revenue represents a 115.9% increase in profitability for the respective quarters.

Recent Expansions and Developments. During this quarter, Management has continued its preparations for the relocation of its main operations and those of OCI and Oxford to Beverly Hills, California. The relocation should be completed in October 1992. The new location will also house an investors services office of Reynolds Kendrick Stratton Investor Services, providing an additional profit center for the Company. Additionally, the Company completed the acquisition of another business valuation subsidiary, Houlihan Valuation Advisors of Kansas City. This acquisition provides the Company with an increased geographic presence and added potential revenue sources.

Capital Expenditures. At present, the Company does not have plans for additional capital expenditures beyond those previously discussed in the 10-K filed for fiscal year 1991. As mentioned above and reported in the 10-K, the Company is in the process or relocating its offices. As part of this process, the Company will expend capital for office furniture, fixtures and equipment, and moving expenses.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings:

In the ordinary course of the securities business, the Company and OCI have been named as Defendants in several lawsuits and arbitration matters and have instituted legal proceedings as Plaintiffs to recover monies owing in several other lawsuits. Such suits and arbitration matters have arisen in the ordinary course of business and need not be addressed more specifically herein. All actions which have not arisen in the ordinary course of business, or which may have an significant impact on the Company and which have not been previously discussed are discussed below: NONE

Burns vs. Richfield Securities Inc., et al.
Civil No. 89C-10106 -- This matter has been settled by all parties on terms very favorable to the Company.

Item 6. Exhibits and Reports on Form 8-K:

(a) FURNISH EXHIBITS REQUIRED BY ITEM 601 - REG. S-K

All required Exhibits have been previously filed with the SEC and each is incorporated herein by this reference; there are no additional Exhibits which are required to be filed at this time.

(b) REPORTS ON FORM 8-K. STATE WHETHER ANY REPORTS ON FORM 8-K HAVE BEEN FILED DURING THE QUARTER FOR WHICH THIS REPORT IS FILED, LISTING THE ITEMS REPORTED, ANY FINANCIAL STATEMENTS FILED, AND THE DATE OF ANY SUCH REPORTS.

Form 8-K filed: NONE

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

OTRA SECURITIES GROUP, INC.

May 13, 1992

WILLIAM R. STRATTON, PRESIDENT

May 13, 1992

Wayne H Heldt

WAYNE H. HELDT, SECRETARY/TREASURER

May 13, 1992

J. GARRY McALLISTER
ASSISTANT SECRETARY/LEGAL COUNSEL

INDEX TO 10-Q REPORT

Exhibit No.	Description	Pages
1	Part I - Financial Information, Item 1. Financial Statements and Notes Thereto	6 thru 11

PART I ITEM I FINANCIAL STATEMENTS

OTRA SECURITIES GROUP, INC. AND CONSOLIDATED SUBSIDIARIES

DECEMBER 31, 1991 AND MARCH 31, 1992

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION AS OF	DECEMBER 31 1991	MARCH 31 1992 (unaudited)
ASSETS		
CASH AND CASH EQUIVALENTS (Including cash segregated for the exclusive benefit of customers of $848,296 and $3,010,847 respectively)	$ 1,489,737	$ 3,320,022
RECEIVABLE FROM BROKERS, DEALERS AND CLEARING ORGANIZATIONS	3,609,433	3,601,708
RECEIVABLE FROM CUSTOMERS (Net of allowance for doubtful accounts of $512,587 and $542,116 in 1991 and 1992, respectively)	10,063,077	13,225,774
OTHER TRADE RECEIVABLES	412,753	502,761
OTHER RECEIVABLES	1,396,159	1,454,435
SECURITIES OWNED -- At Market Value	1,684,303	1,434,074
FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS (At cost - less accumulated depreciation and amortization of $885,300 and $971,054 in 1991 and 1992, respectively)	624,029	662,139
OTHER ASSETS	527,165	573,909
TOTAL ASSETS	$19,809,456	$24,774,822

See accompanying notes to consolidated financial statements.

OTRA SECURITIES GROUP, INC. AND CONSOLIDATED SUBSIDIARIES

DECEMBER 31, 1991 AND MARCH 31, 1992

LIABILITIES

LIABILITIES AND STOCKHOLDERS' EQUITY	DECEMBER 31 1991 (unaudited)	MARCH 31 1992
PAYABLE TO BROKERS OR DEALERS AND CLEARING ORGANIZATIONS	$ 3,311,488	$ 4,143,709
PAYABLE TO CUSTOMERS	7,982,500	11,375,450
SECURITIES SOLD NOT YET PURCHASED - At Market Value	146,971	94,817
INCOME TAXES PAYABLE	996,448	1,037,248
DEFERRED TAXES	18,000	18,000
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	937,205	1,310,618
NOTES PAYABLE (INCLUDING CAPITAL LEASE OBLIGATIONS PAYABLE)	1,114,206	1,244,245
COMMITMENTS AND CONTINGENT LIABILITIES (See Note _)		
TOTAL LIABILITIES	14,506,818	19,232,087
STOCKHOLDERS' EQUITY:		
Common stock ($.01 par value 100,000,000 shares authorized, 3,593,732 and 3,603,372 shares issued at December 31, 1991 and at March 31, 1992)	35,937	36,034
Additional paid-in capital	4,285,375	4,305,926
Retained Earnings (Deficit)	981,326	1,200,775
TOTAL STOCKHOLDERS' EQUITY	5,302,638	5,542,735
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$19,809,456	$24,774,822

See accompanying notes to consolidated financial statements.

OTRA SECURITIES GROUP, INC. AND CONSOLIDATED SUBSIDIARIES

FOR THE THREE MONTHS ENDED MARCH 31, 1991 AND 1992

CONSOLIDATED STATEMENTS OF OPERATIONS	MARCH 31 1991 (unaudited)	MARCH 31 1992 (unaudited)
REVENUES:		
Clearing and execution	$ 1,728,775	1,811,585
Maintenance fee	-	-
Equity Trading Profits	266,633	905,837
Commissions	49,052	383,747
Interest	130,885	184,007
Other	370,049	530,037
Total Revenues	2,545,394	3,815,213
EXPENSES:		
Employee compensation	1,018,217	1,534,571
Clearing and floor brokerage	271,945	216,609
Communications	327,364	442,091
Occupancy	188,075	275,403
Interest	15,823	26,296
Data processing charges	228,860	258,057
Professional services	69,889	253,757
Promotional	125,097	126,560
Bad debt	38,856	25,700
Other operating expenses	97,561	302,630
Total Expenses	2,381,687	3,461,764
INCOME (LOSS) BEFORE INCOME TAXES	163,707	353,449
INCOME TAX PROVISION	55,200	134,000
NET INCOME	$ 108,507	219,449
NET INCOME (LOSS) PER SHARE	$ .031	$ .058
WEIGHTED AVERAGE NUMBER OF SHARES OF COMMON AND COMMON STOCK EQUIVALENTS	3,513,311	3,751,274

See accompanying notes to consolidated financial statements.

OTRA SECURITIES GROUP, INC. AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE MONTHS ENDED MARCH 31, 1991 AND 1992

	MARCH 31, 1991 (unaudited)	MARCH 31, 1992 (unaudited)
Cash flows from operating activities:		
Net income	$ 108,507	$ 219,449
Adjustments to reconcile net income to cash provided by (used for) operating activities:		
Depreciation	67,048	77,185
Provision for Losses	285,000	-
Changes in assets and liabilities:		
Receivables from brokers or dealers and clearing organizations	(586,760)	7,725
Receivables from customers	(1,260,854)	(3,160,697)
Other trade receivables	(91,833)	(90,008)
Other receivables	88,429	(58,276)
Securities owned	(123,427)	250,229
Other assets	(17,582)	(46,744)
Payable to brokers or dealers and clearing organizations	684,258	832,221
Payable to customers	492,510	3,392,950
Securities sold not yet purchased	49,950	(52,154)
Accounts payable and accrued liabilities	(16,385)	381,413
Income taxes payable	(210,486)	40,800
Net cash provided by (used for) operating activities	(528,825)	1,794,093
Cash flows from investing activities -		
Capital expenditures	(49,863)	(114,495)
Cash flows from financing activities:		
Short term borrowings	-	200,000
Payments and current maturities on notes payable	(4,364)	(69,961)
Issuance of common stock and contribution of capital	7,650	20,648
Net cash provided by (used for) operating activities	3,286	150,687
Net increase in cash and cash equivalents	(575,402)	1,830,285
Cash and cash equivalents at beginning of year	4,090,630	1,489,737
Cash and cash equivalents at end of period	$3,515,228	$3,320,022

See accompanying notes to consolidated financial statements.

OTRA SECURITIES GROUP, INC. & CONSOLIDATED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 1992

NOTE 1. Company's Quarterly Report Under Form 10-Q -- First Quarter.

The accompanying financial information should be read in conjunction with the Company's 1991 Annual Report on Form 10-K. Footnote disclosures that substantially duplicate those in the Company's Annual Audited Report on Form 10-K, including significant accounting policies, have been omitted.

NOTE 2. Earnings Per Common Share.

Earnings per common share for the periods presented have been computed based upon the weighted average number of shares outstanding. The weighted average shares for the quarter ended March 31, 1991 has been restated to reflect the issuance of 305,287 common shares for the stock dividend in September 1991.

NOTE 3. Receivable From and Payable to Brokers, Dealers and Clearing Organizations

Amounts receivable from and payable to brokers, dealers and clearing organizations result from the Company's normal trading and borrowing activities and consist of the following:

	December 31 1991	March 31 1991 (unaudited)	March 31 1992 (unaudited)
Receivable:			
Deposits paid for securities borrowed	$ 211,500	$ 333,600	$ 295,700
Securities failed to deliver	154,940	1,175,660	1,049,270
Correspondents	1,935,869	861,662	2,110,787
Net settlements with clearing organizations	1,276,698	846,207	94,603
Other	30,426	163,988	51,348
	$3,609,433	$3,381,117	$3,601,708

	December 31 1991	March 31 1991 (unaudited)	March 31 1992 (unaudited)
Payable:			
Securities failed to receive.........	$ 285,122	$ 863,065	$ 1,486,096
Correspondents........................	2,991,794	2,101,299	2,206,117
Omnibus accounts and net settlements with clearing organizations.......	34,572	-	451,496
	$ 3,311,488	$ 2,964,364	$ 4,143,709

"Fails" represent the contract value of securities which have not been received or delivered by the settlement date.

NOTE 4. Receivable From and Payable to Customers and Others

Amounts receivable from customers include amounts due on incomplete transactions and margin balances. Securities owned by customers are held as collateral for these receivables and are not reflected in the consolidated financial statements.

Included in amounts receivable from and payable to customers are amounts receivable from and payable to officers, directors and employees arising from individual security transactions entered into in the normal course of business. Such transactions are subject to the same regulations as customers' transactions.

NOTE 5. Adjustment.

OTRA Securities Group's major subsidiary, OTRA Clearing, Inc. ("OCI"), is consolidated in the quarterly financial information as of March 31 1991, and March 27, 1992, because it is the last settlement Friday of the month. OCI consistently treats the last settlement Friday of each month as its month end, accordingly this is reflected in the consolidated financials of the Company.

In the opinion of Management, all adjustments which are necessary to a fair statement of the results for the interim periods have been made.

NOTE 6. Contingent Liabilities

The Company has contingent liabilities, including pending lawsuits, and contractual commitments arising in the normal course of business, the settlement of which, in the opinion of management of the Company, will not have a material effect on the Company's financial position.

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 10-Q

X QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 1992

___ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _______ TO ______

PROCESSED BY
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230 MAY 8 1992
Microfilmed by
Q-Data Corp. - St. Petersburg, FL

Commission File No. 0-4678

Pancho's Mexican Buffet, Inc. / DE
(Exact name of registrant as specified in its cha

DELAWARE
(State or other jurisdiction of
incorporation or organization)

75-1292166
(I.R.S. Employer
Identification No.)

3500 Noble Avenue, Fort Worth, Texas
(Address of principal executive offices)

76111
(Zip Code)

817-831-0081
(Registrant's telephone number,
including area code)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO ___

Number of shares of Common Stock outstanding as of April 20, 1992: 4,269,479.

PANCHO'S MEXICAN BUFFET, INC. AND SUBSIDIARIES

INDEX

Page No.

Part I. Financial Information

Item 1. Financial Statements:

Introduction 1

Consolidated Balance Sheet, March 31, 1992 and September 30, 1991 2

Consolidated Statement of Earnings and Retained Earnings for the Three Months and Six Months Ended March 31, 1992 and 1991 3

Consolidated Statement of Cash Flows for the Three Months and Six Months Ended March 31, 1992 and 1991 4

Notes to Consolidated Financial Statements 5

Letter of Deloitte & Touche, Independent Public Accountants 6

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations 7

Part II. Other Information

Item 1. Legal Proceedings (no response required)

Item 2. Changes in Securities (no response required)

Item 3. Defaults Upon Senior Securities (no response required)

Item 4. Submission of Matters to a Vote of Security Holders (no response required)

Item 5. Other Information (no response required)

Item 6. Exhibits and Reports on Form 8-K 9

Signatures 10

PANCHO'S MEXICAN BUFFET, INC. AND SUBSIDIARIES

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

The consolidated financial statements included herein have been prepared by the Company without audit, except for the balance sheet as of September 30, 1991, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. It is suggested that these condensed financial statements be read in conjunction with the financial statements and the notes thereto included in the Company's latest annual report on Form 10-K. In the opinion of the Company, all adjustments consisting only of normal recurring adjustments necessary to present fairly the financial position of the Company as of March 31, 1992 and the results of operations and cash flows for the indicated periods have been included. The results of operations for such interim periods are not necessarily indicative of the results to be expected for the fiscal year ending September 30, 1992.

Deloitte & Touche, independent public accountants, has made a limited review of the consolidated financial statements as of March 31, 1992 and for the three and six month periods ended March 31, 1992 and 1991 included herein.

PANCHO'S MEXICAN BUFFET, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

ASSETS	March 31, 1992 (Unaudited)	September 30, 1991
Current Assets:		
Cash and cash equivalents	$ 3,298,700	$ 2,044,944
Accounts and notes receivable - current portion	248,896	277,677
Inventories	2,773,934	2,980,234
Prepaid expenses	508,221	720,918
Deferred income taxes	539,311	749,091
Total current assets	7,369,062	6,772,864
Property, Plant and Equipment:		
Land	3,454,725	3,831,672
Buildings	9,513,350	9,104,446
Leasehold improvements	20,611,920	19,764,745
Equipment and furniture	22,927,718	22,221,417
Construction in progress	119,227	574,210
Total	56,626,940	55,496,490
Less accumulated depreciation and amortization	26,822,509	25,296,102
Property, plant and equipment - net	29,804,431	30,200,388
Other Assets:		
Intangible assets	16,809	22,665
Deferred income taxes	907,444	572,964
Other, including noncurrent portion of receivables	661,660	662,313
Total other assets	1,585,913	1,257,942
TOTAL	$38,759,406	$38,231,194

LIABILITIES AND STOCKHOLDERS' EQUITY	March 31, 1992 (Unaudited)	September 30, 1991
Current Liabilities:		
Accounts payable	$ 1,502,878	$ 1,723,416
Accrued taxes on income	237,280	329,542
Accrued wages and bonuses	1,702,274	1,664,001
Other current liabilities	1,854,487	2,853,964
Total current liabilities	5,296,919	6,570,923
Other Liabilities:		
Accrued insurance costs	3,108,514	2,494,107
Restructuring reserves	661,479	552,861
Other	64,915	62,583
Total other liabilities	3,834,908	3,109,551
Stockholders' Equity:		
Common stock	515,365	511,405
Paid-in surplus	23,381,020	23,320,900
Retained earnings	10,920,881	9,908,102
Total	34,817,266	33,740,407
Less treasury stock	5,189,687	5,189,687
Stockholders' equity	29,627,579	28,550,720
TOTAL	$38,759,406	$38,231,194

See Notes to Consolidated Financial Statements.

PANCHO'S MEXICAN BUFFET, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF EARNINGS AND RETAINED EARNINGS
(Unaudited)

	Three Months Ended March 31		Six Months Ended March 31	
	1992	1991	1992	1991
Sales--Restaurant and Related	$18,042,051	$17,576,109	$35,177,687	$34,509,217
Costs and Expenses				
Cost of sales--restaurant and related - food and labor cost	10,170,597	9,414,040	19,882,988	18,644,50
Restaurant and other operating expenses	5,336,795	5,770,740	10,679,742	11,317,314
General and administrative expenses	1,373,059	1,469,380	2,749,413	3,005,751
Total	16,880,451	16,654,160	33,312,143	32,967,570
Operating Income	1,161,600	921,949	1,865,544	1,541,647
Other, Including Interest	3,505	2,827	5,709	12,241
Earnings Before Taxes on Income	1,165,105	924,776	1,871,253	1,553,888
Provision for Taxes on Income:				
Current	439,700	380,700	774,200	657,900
Deferred	(41,900)	(57,000)	(129,200)	(114,000)
Total	397,800	323,700	645,000	543,900
Net Earnings	767,305	601,076	1,226,253	1,009,988
Retained Earnings, Beginning of Period	10,367,050	14,562,107	9,908,102	14,153,195
Total	11,134,355	15,163,183	11,134,355	15,163,183
Less: Cash dividends	213,474		213,474	
Retained Earnings, End of Period	$10,920,881	$15,163,183	$10,920,881	$15,163,183
Net Earnings Per Common and Common Equivalent Share	$ .18	$ .14	$ .29	$ .24

See Notes to Consolidated Financial Statements.

PANCHO'S MEXICAN BUFFET, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)

	Three Months Ended March 31		Six Months Ended March 31	
	1992	1991	1992	1991
Cash Flows From Operating Activities:				
Net earnings	$ 767,305	$ 601,076	$ 1,226,253	$ 1,009,988
Adjustments to reconcile net earnings to net cash provided by operating activities:				
Depreciation and amortization	840,597	928,751	1,659,094	1,866,556
Provision for deferred income taxes	(41,900)	(57,000)	(129,200)	(114,000)
Amortization of restaurant start-up costs	10,689	32,121	24,922	62,210
Payment of restaurant start-up costs	(8,545)	(2,146)	(19,066)	(21,[illegible])
(Gain) on sale of assets		(1,100)	(450)	(6,[illegible])
(Increase) decrease in trade receivables	(7,202)	(16,665)	28,781	13,202
(Increase) decrease in inventory and prepaid expenses - net	(16,010)	(28,614)	418,997	(1,018,309)
Increase (decrease) in accounts payable, accrued wages and bonuses and other liabilities	341,923	756,911	(253,330)	(503,459)
Increase (decrease) in income taxes payable - net	23,200	(100,130)	(92,262)	(122,930)
Other - net	19,700	4,515	55,105	6,379
Total adjustments	1,162,452	1,516,643	1,692,591	161,485
Net cash provided by operating activities	1,929,757	2,117,719	2,918,844	1,171,473
Cash Flows From Investing Activities:				
Property additions and renewals	(625,853)	(1,037,610)	(1,757,110)	(2,037,807)
Increase (decrease) in accounts payable for property	7,875	(35,500)	(205,387)	35,7[illegible]
(Increase) decrease in equipment inventory	(34,732)	9,643	(20,203)	149,949
Proceeds from sale of assets	464,605	15,378	467,006	19,178
Net cash used in investing activities	(198,105)	(1,048,089)	(1,515,694)	(1,832,093)
Cash Flows From Financing Activities:				
Net borrowings (payments) under line of credit agreement		(720,000)		285,000
Net proceeds from sale of common stock	64,080		64,080	
Dividends paid	(213,474)		(213,474)	
Net cash provided by (used in) financing activities	(149,394)	(720,000)	(149,394)	285,000
Net Increase (Decrease) In Cash And Cash Equivalents	1,592,258	349,630	1,253,756	(376,420)
Cash And Cash Equivalents, Beginning Of Period	1,706,442	744,369	2,044,944	1,470,419
Cash And Cash Equivalents, End Of Period	$ 3,298,700	$ 1,093,999	$ 3,298,700	$ 1,093,999
Supplemental information:				
Income taxes paid	$ 416,500	$ 475,000	$ 866,500	$ 775,000
Interest paid		13,971		13,971

See Notes to Consolidated Financial Statements.

PANCHO'S MEXICAN BUFFET, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. EARNINGS PER SHARE

Net earnings per common and common equivalent share are based on the weighted average number of shares and equivalent shares (stock options when not anti-dilutive) outstanding during each period. The weighted average number of such shares was 4,307,965 and 4,282,547 for the three- and six- months ended March 31, 1992 compared to 4,287,984 and 4,274,918 for the same periods last year.

2. BORROWINGS AND BANK CREDIT LINE

The weighted average balances outstanding under the Company's revolving credit loan agreement with a bank were $757,278 and $561,758, respectively, during the three- and six- month periods ended March 31, 1991, with interest at a weighted average annual rate of 9.8%. There were no borrowings during six-month period ended March 31, 1992.

Deloitte &
Touche

[illegible]
[illegible]
[illegible] Texas 76102-[illegible]

Telephone (817) 347 3300
Facsimile (817) 336 2013

Pancho's Mexican Buffet, Inc.:

We have made a review of the consolidated balance sheet of Pancho's Mexican Buffet, Inc. and subsidiaries as of March 31, 1992, and the related consolidated statements of earnings and retained earnings and of cash flows for the three-month and six-month periods ended March 31, 1992 and 1991, in accordance with standards established by the American Institute of Certified Public Accountants.

A review of interim financial information consists principally of obtaining an understanding of the system for the preparation of interim financial information, applying analytical review procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with generally accepted accounting principles.

We previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet as of September 30, 1991, and the related consolidated statements of earnings and retained earnings and of cash flows for the year then ended (not presented herein), and in our report dated November 1, 1991, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of September 30, 1991, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

Deloitte & Touche

April 20, 1992

PART I. FINANCIAL INFORMATION

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Financial Condition

The Company's current ratio was 1.4 to 1 at March 31, 1992 compared to 1.0 to 1 at September 30, 1991. Cash and cash equivalents increased $1.3 million during the six-month period ended March 31, 1992. Cash provided by operations of $2.9 million, offset by net cash used for capital expenditures of $1.5 million, accounted for most of the cash increase. Cash provided by operations increased $1.7 million during the six-months ended March 31, 1992 compared to the same period last year, due primarily to the payment of accrued and prepaid insurance costs in the prior year. Management believes that the Company's operating cash flows supplemented by short-term bank borrowings are adequate for its foreseeable capital needs.

In March 1992, the Company paid a 5 cents per share quarterly common stock dividend. Previously, the Company had paid an annual dividend for each of the last twelve years (17 cents per share in fiscal year 1991).

Results of Operations

Restaurant and related revenue increased $465,942 (2.7%) and $668,470 (1.9%) for the three- and six-months ended March 31, 1992 (current three- and six-month periods) compared to the same periods last year. Sales generated by new units and two price increases during fiscal year 1991 contributed to the increase. However, these gains were offset somewhat by decreased customer count, which was largely attributable to unusually heavy advertising in the the prior year quarter to promote the introduction of the Fiesta Plate, and the closing of four restaurants--one in Baton Rouge, Louisiana in December 1991 and three in the Denver, Colorado area in January 1992. The four restaurant closings were planned as part of the Company's fiscal year 1991 restructuring. Menu price increases of approximately 2.1% and 1.7% were implemented in late November 1990 and mid-June 1991, respectively. The 1990 increase included raising the price of the Company's "all-you-can-eat" buffet to $4.69 from $4.59. One restaurant, in Lubbock, Texas, was opened in December 1991 and another, in College Station, Texas, opened in February 1992. A total of four restaurants are expected to open during the 1992 fiscal year; no additional restaurant closings are anticipated.

Average sales for restaurants open throughout the current three- and six-month periods were $271,107 and $515,736 compared to $264,121 and $518,098 for the same periods last year. Sales generated by restaurants open in fiscal year 1991 and 1992 (comparable restaurant sales) decreased 2.8% and 3.6% over the prior three-and six-month periods after giving effect to menu price increases in fiscal year 1991.

Cost of sales as a percentage of sales for the current three- and six-month periods was 56.4% and 56.5% compared to 53.6% and 54.0% for the same periods last year. Sharply higher produce prices during March and menu refinements resulted in 1.6% and 1.2% increases in food cost for the current three- and six-month periods compared to the same periods last year. Labor cost as a percentage of sales was also higher, largely due to lower sales volume and the April 1, 1991 Federally mandated minimum wage increase.

Restaurant and other operating expenses as a percentage of sales for the current three- and six-month periods was 29.6% and 30.4% compared to 32.8% for both periods last year. Reduced depreciation expense and operating losses in underperforming restaurants as a result of restructuring charges taken during fiscal year 1991 and significantly lower advertising costs accounted for most of the change. During 1991, advertising expenditures were shifted to spring to promote the introduction of the Fiesta Plate. (The Fiesta Plate includes any four items from the buffet, plus rice, beans, chips and hot sauce and sopaipillas, and is currently priced at $3.29.) Advertising spending in 1992 will follow the Company's traditional pattern of promoting most heavily during the summer months when kids are out of school.

General and administrative expenses as a percentage of sales for the current three- and six-month periods was 7.6% and 7.8% compared to 8.4% and 8.7% for the same periods last year. The decreases were due primarily to cost reduction measures and the positive impact of the restructuring announced during fiscal year 1991.

The provision for income taxes was computed using an effective tax rate of 35% for all periods except for the current quarter. The current quarter income tax accrual reflects an increase in the accrual percentage to 39% due to the changes in the Texas franchise tax. However, the accrual is offset by a $56,600 tax benefit recognized in the current quarter. Also, current income tax expense increased and deferred income tax expense decreased in the current three- and six-month periods due to the continuing reversal of depreciation timing differences and an increase in reserves accrued for the Company's voluntary employee injury benefit plan.

During 1991, the State of Texas revised its corporate franchise tax to include an income based component. Management anticipates that both the calendar 1992 and 1993 franchise tax will be based upon income earned during the nine months ending September 30, 1992. Generally accepted accounting principles require income tax expense to be recognized during the period in which the income is earned. Consequently, two calendar years of the income based component of the tax will be accrued during the last three quarters of fiscal 1992. This change is expected to result in a moderate increase in total franchise tax expense for fiscal year 1992, resulting primarily in a reclassification of expense from general and administrative expenses to provision for taxes on income.

PART II. Other Information

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits Required by Item 601 of Regulation S-K

Exhibit Number	
2	Not applicable
4	Not applicable
11	Not required--explanation of earnings per share computation is contained in notes to consolidated financial statements.
15	Letter re: unaudited interim financial information
18	Not applicable
19	Not applicable
20	Not applicable
23	Not applicable
24	Not applicable
25	Not applicable
28	Not applicable

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the quarter ended March 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PANCHO'S MEXICAN BUFFET, INC.

April 20, 1992

Hollis Taylor, President and Chief Executive Officer (Principal Executive Officer)

April 20, 1992

David Oden, Vice President, Treasurer, Chief Financial Officer and Assistant Secretary (Principal Financial Officer)

EXHIBIT 15

Deloitte & Touche

601 Cherry Street, Suite 2340
Fort Worth, Texas 76102 6801
Telephone (817) 347 3300

Metro (817) 654 [illegible]

Pancho's Mexican Buffet, Inc.:

We have made a review in accordance with standards established by the American Institute of Certified Public Accountants of the unaudited interim financial information of Pancho's Mexican Buffet, Inc. and subsidiaries for the three-month and six-month periods ended March 31, 1992 and 1991, as indicated in our report dated April 20, 1992; because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which was included in your Quarterly Report on Form 10-Q for the quarter ended March 31, 1992, is incorporated by reference in Registration Statement No. 2-86238 on Form S-8.

We also are aware that the aforementioned report, pursuant to Rule 436(c) under the Securities Act, is not considered a part of the Registration statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

Deloitte + Touche

April 20, 1992

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FORM 10-Q

Manually signed
on page 16

RECD S.E.C.
JUL 14 1992
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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

[x] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

S92-2239

For the quarterly period ended May 31, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______________ to ___

BEST COPY AVAILABLE

Commission file number 0-14019

Ridgewood Properties, Inc.

(Exact name of registrant as specified in its charter)

Delaware	58-1656330
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

PROCESSED BY
26-16:H
JUL [illegible] 1992

2859 Paces Ferry Road, Suite 700
Atlanta, Georgia
30339

(Address of principal executive off
(Zip Code)

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

130

(404) 434-3670

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ✓ No ____

Common stock, par value $.01 per share - 48,908 shares outstanding at May 31, 1992.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

RIDGEWOOD PROPERTIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

MAY 31, 1992 AND AUGUST 31, 1991

($000'S Omitted, except per share data)

ASSETS	(Unaudited) May 31, 1992	August 31, 1991
Real Estate Investments:		
Real Estate Properties --		
Operating Properties (Note 6)	$ 24,552	$ 28,777
Land Held for Sale or Future Development	12,512	12,221
Single Family Subdivisions	573	1,390
	37,637	42,388
Mortgage Loans	825	843
Total real estate investments	38,462	43,231
Allowance for Possible Losses (Note 3)	(3,390)	(3,390)
Net real estate investments	35,072	39,841
Cash and Temporary Investments	2,777	1,792
Mobile Home Inventory	1,333	1,671
Other Assets	1,261	1,315
	$ 40,443	$ 44,619

The accompanying notes are an integral part of these consolidated financial statements.

RIDGEWOOD PROPERTIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

MAY 31, 1992 AND AUGUST 31, 1991

($000's Omitted, except per share data)

LIABILITIES AND SHAREHOLDERS' INVESTMENT	(Unaudited) May 31, 1992	August 31, 1991
Accounts Payable	$ 130	$ 248
Accrued Salaries, Bonuses and Other Compensation	563	609
Accrued Property Tax Expense	272	472
Earnest Money Deposits	194	308
Accrued Interest and Other Liabilities	571	301
Current Portion of Long-Term Debt (Note 5)	2,000	--
Notes Payable (Note 5)	630	15,797
Long-Term Debt, Less Current Portion (Note 5)	12,438	--
Total Liabilities	16,798	17,735
Commitments and Contingencies (Note 7)		
Shareholders' Investment (Notes 1 & 4)		
Preferred Stock, $1 par value, 500,000 shares authorized, none issued	--	--
Common Stock, $.01 par value, 1,000,000 shares authorized, 48,908 shares issued and outstanding at May 31, 1992 and 52,754 issued and outstanding at August 31, 1991	--	1
Paid-in Surplus	26,320	28,118
Retained Earnings since December 30, 1985	(2,675)	563
Note Receivable-Stock Purchase Agreement	--	(1,798)
	23,645	26,884
	$ 40,443	$ 44,619

The accompanying notes are an integral part of these consolidated financial statements.

RIDGEWOOD PROPERTIES, INC. AND SUBSIDIARIES

STATEMENTS OF CONSOLIDATED LOSS

FOR THE THREE AND NINE MONTHS ENDED MAY 31, 1992 AND MAY 31, 1991

($000's Omitted, except per share data)

	(Unaudited)			
	For the Three Months Ended		For the Nine Months Ended	
	May 31, 1992	May 31, 1991	May 31, 1992	May 31, 1991
REVENUES:				
Operating revenues from real estate properties.....	$ 1,892	$ 1,779	$ 5,217	$ 5,041
Sales of real estate properties (Note 6)............	4,680	904	4,680	1,456
Mobile home sales	416	1,417	3,673	3,610
Income from loans and temporary investments	22	50	96	188
Other	31	12	49	34
	7,041	4,162	13,715	10,329
COSTS AND EXPENSES:				
Expenses of real estate properties	1,334	1,433	4,132	4,022
Expenses of real estate sales	4,671	667	4,698	1,280
Expenses of mobile home sales	768	1,535	4,310	4,323
Depreciation on real estate properties	377	374	1,153	1,116
Interest expense	293	351	936	1,157
General, administration and other	616	610	1,724	1,885
	8,059	4,970	16,953	13,783
LOSS BEFORE INCOME TAXES	(1,018)	(808)	(3,238)	(3,454)
BENEFIT FOR INCOME TAXES	--	218	--	235
NET LOSS	(1,018)	(590)	(3,238)	(3,219)
LOSS PER SHARE (NOTE 4)	$ (20.78)	$ (12.04)	$ (66.08)	$ (65.69)

The accompanying notes are an integral part of these consolidated financial statements.

RIDGEWOOD PROPERTIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE NINE MONTHS ENDED MAY 31, 1992 AND MAY 31, 1991

Increase in Cash and Cash Equivalents

($000's Omitted)

	1992	1991
Cash flows from operating activities:		
Net loss	$ (3,238)	$ (3,219)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation	1,153	1,116
Amortization	115	49
Gain from sale of real estate property	(57)	(236)
Decrease in single family subdivisions	817	672
Decrease (increase) in mobile home inventory	338	(13)
Decrease in income tax receivable	--	348
Decrease (increase) in other assets	(67)	56
Decrease in accounts payable and accrued liabilities	(208)	(31)
Decrease in deferred income tax	--	(236)
Total adjustments	2,091	1,725
Net cash used by operating activities	(1,147)	(1,494)
Cash flows from investing activities:		
Principal payments received on mortgage loans	6	18
Foreclosures on mortgage loans	18	--
Proceeds from sale of real estate	3,717	648
Additions to real estate properties	(879)	(1,005)
Net cash provided (used) by investing activities	2,862	(339)
Cash flows from financing activities:		
Purchase and retirement of common stock	(1)	(78)
Proceeds from notes payable	1,545	4,206
Repayments of notes payable	(2,274)	(2,045)
Net cash provided (used) by financing activities	(730)	2,083
Net increase in cash and cash equivalents	$ 985	$ 250
Cash and cash equivalents at beginning of year	1,792	1,002
Cash and cash equivalents at end of year	$ 2,777	$ 1,252

The accompanying notes are an integral part of these consolidated financial statements.

RIDGEWOOD PROPERTIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 1992 AND MAY 31, 1991
(Unaudited)

1. GENERAL:

Ridgewood Properties, Inc. (the "Company") is engaged in the business of acquiring, developing, operating and selling real property located primarily in the Southeast and Sunbelt areas. The Company was incorporated in Delaware on October 29, 1985.

The Company's common stock is currently being traded in the broker-dealer "Pink Sheets" in the over-the-counter market. During the third quarter of fiscal year 1992, the Company purchased and retired 3,846 shares of the Company's common stock subject to a repurchase agreement with its President. Intermark, Inc. ("Intermark") is the owner of approximately 75% of the Company's outstanding shares of common stock. Mr. Charles R. Scott, a director of the Company, serves as Chairman of the Board and a director of Intermark. On March 31, 1992, Intermark and its wholly-owned subsidiary, Triton Group Ltd. ("Triton"), filed a preliminary registration statement with the Securities and Exchange Commission indicating their intent to solicit their bondholders' and shareholders' acceptance of a prepackaged plan of reorganization under Chapter 11 of the United States Bankruptcy Code ("Chapter 11"). Although Triton has failed to make scheduled payments on its subordinated debt, at present the creditors of Intermark and Triton have agreed to certain forbearance and standstill arrangements (which will terminate on July 30) to allow additional time to negotiate a pre-packaged or pre-negotiated plan of reorganization.

If, as a result of the foregoing proceedings or otherwise Intermark either disposes or is required to dispose of its equity interest in the Company, a change of control of the Company would occur.

Prior to December 31, 1985, the Company operated under the name CMEI, Inc.

The accompanying financial statements of the Company present the historical cost basis amount of assets, liabilities and shareholders' investment of the real estate business for the periods presented. The consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries and its joint venture investments after the elimination of all intercompany amounts.

2. BASIS OF PRESENTATION:

The accompanying consolidated financial statements have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of management, the consolidated financial statements reflect all adjustments, consisting of normal recurring adjustments, which are necessary to present fairly the financial position, results of operations and changes in financial position for the interim periods covered by this report. Although certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, management believes that the disclosures are adequate to make the information presented not misleading. These financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's annual report on Form 10-K for the fiscal year ended August 31, 1991. The results of operations for the nine months ended May 31, 1992 are not necessarily indicative of the results to be expected for the fiscal year ending August 31, 1992.

The Company is currently generating net operating loss carryforwards for both book and tax purposes which may be used to offset future income. In February 1992, the Financial Accounting Standards Board issued a new standard on accounting for income taxes. SFAS 109 mandates the asset and liability method for computing deferred income taxes. The Company is required to adopt the new accounting and disclosure rules no later than its fiscal year ending August 31, 1994. The Company has not decided when to implement the new pronouncement, nor has it decided whether to restate prior financial statements. Because of the complexities of the new accounting requirements, the effect that the change may have on the Company's reported consolidated financial position and results of operations has not been determined.

For the purpose of the Statement of Cash Flows, cash includes cash equivalents. Cash equivalents include all highly liquid investments with maturity of three months or less.

The Company carries mobile home inventory at cost, determined by the specific identification method, or market, whichever is lower.

3. ALLOWANCE FOR POSSIBLE LOSSES:

No changes in the allowance for possible losses for the nine months ended May 31, 1992 and 1991 were made.

4. SHAREHOLDERS' INVESTMENT:

Loss Per Common Share --

Loss per common share is calculated based upon the weighted average number of shares outstanding of approximately 49,000 for the three months and nine months ended May 31, 1992 and 1991.

Repurchase of Common Shares --

During the third quarter of fiscal year 1992, the Company purchased and retired 3,846 shares from its President, which were subject to a stock repurchase agreement, for $854.11 per share. The Company cancelled the notes and interest related to the original stock purchase and paid approximately $114,000 to the President for the amount of the purchase exceeding the notes and interest.

5. NOTES PAYABLE:

Effective December 31, 1991, the Company's Revolving Line of Credit expired and the outstanding principal balance of $15,000,000 converted to a term loan. In January 1992 the term loan was amended to postpone principal payments for seven months. Under the amended agreement, interest accrues at the rate of one percent (1%) per annum above the prime rate (currently 6.5%) of the lender. Under the term loan agreement, the Company is required to make interest only payments on the outstanding principal balance of the note, commencing on February 1, 1992 and monthly thereafter until August 31, 1992. Commencing on September 1, 1992, and thereafter on the first day of each month through December 1, 1996, the outstanding principal amount of the note shall be repaid in equal monthly payments of $250,000. Interest on the outstanding principal balance shall continue to be paid monthly at the rate specified above. On January 1, 1997, the remaining outstanding principal balance shall be payable in full.

Due to the sale during the quarter of property which was part of the collateral for the loan, the term loan balance was reduced to $14,438,000. The reduction in principal will reduce the balance due at the end of the term loan rather than affect the monthly principal payments.

The Company had approximately $630,000 outstanding at May 31, 1992 on its Mobile Home Inventory Floor Plan Line of Credit with a commercial bank in Florida. In March 1992, the bank notified the Company it would not renew the Line of Credit. As homes are sold, the Line of Credit will be reduced accordingly, but not to extend beyond December 31, 1992, at which time the remaining outstanding balance, if any, will be payable. The Company has not decided at this time if it will try to replace this line of credit or fund the homes itself.

Maturities of long-term debt during the Company's next five fiscal years are $3,000,000 per year through fiscal year 1996 and $2,688,000 for fiscal year 1997.

6. SALE OF OPERATING PROPERTIES:

In May 1992, the Company sold Phase I of one of its mobile home communities for $3,425,000. The property was sold for approximately its book value in order to obtain cash for working capital and to service debt. The property was a fifteen-year-old, fully-occupied community that was easily separated from Phase II and was sold at a fair value given today's real estate climate.

7. LEGAL PROCEEDINGS:

A Complaint against the Company was filed in 1987 alleging that the Company should have obtained a Development of Regional Impact Development Order, pursuant to Section 380.06(15), Fla. Stat., prior to commencing development of a project in Orange County, Florida. The Company appealed an order issued on June 4, 1991 by the substitute Secretary of the Department of Community Affairs directing that the Company submit an application for development approval. The appeal was reviewed by the Fifth District Court of Appeals in Daytona Beach, Florida.

On March 27, 1992 the three judge panel reversed the order of the substitute Secretary of the Department of Community Affairs, ruling that the property which was the subject of the order had vested rights and could be completed without undergoing an application for development approval. The State of Florida has filed a motion with the Florida Supreme Court to invoke the discretionary jurisdiction of the Court.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (THREE AND NINE MONTHS ENDED MAY 31, 1992 COMPARED TO THREE AND NINE MONTHS ENDED MAY 31, 1991)

LIQUIDITY AND CAPITAL RESOURCES --

Effective December 31, 1991, the Company's Revolving Line of Credit expired and the outstanding principal balance of $15,000,000 converted to a term loan. Interest on the term loan accrues at the rate of one percent (1%) per annum above the prime rate (currently 6.5%) of the lender. Under the term loan agreement, the Company is required to make interest only payments on the outstanding principal balance of the note, commencing on February 1, 1992 and monthly thereafter until August 31, 1992. Commencing on September 1, 1992, and thereafter on the first day of each month through December 1, 1996, the outstanding principal amount of the note shall be repaid in equal monthly payments of $250,000. Interest on the outstanding principal balance shall continue to be paid monthly at the rate specified above. On January 1, 1997, the remaining outstanding principal balance shall be payable in full.

During the third quarter of fiscal year 1992, the Company sold three of its residential homes in Atlanta, Georgia for net proceeds of $795,000, of which $562,000 was applied to reduce the principal balance of the term loan.

For the nine months ended May 31, 1992, the Company borrowed approximately $1,441,000 on its Floor Plan Line of Credit and repaid approximately $1,608,000. In March 1992, the bank notified the Company it would not renew the Line of Credit. As homes are sold, the Line of Credit will be reduced accordingly, but not to extend beyond December 31, 1992, at which time the remaining outstanding balance, if any, will be payable.

In May 1992, the Company sold Phase I of one of its mobile home communities for $3,425,000. The property was sold for approximately its book value. The cash will be used for working capital and to service debt.

The Company is currently seeking a loan from the Department of Housing and Urban Development ("HUD") on one of its apartment complexes in Texas. The expected net proceeds would be approximately $1.2 million and would be used for working capital and to service debt.

Due to recent economic conditions and the lack of available financing for real estate projects, the Company's cash position has been severely impaired. The economic downturn has caused a slower than expected lease-up in the Company's six mobile home parks, as well as slower sales of its land and single-family subdivision lots.

If the financing of the apartment complex through HUD is successful, the Company should be able to meet its near term debt obligations without the sale of any other assets other than sales in the ordinary course of business.

RESULTS OF OPERATIONS --

During the three and nine months ended May 31, 1992, the Company had gains (losses) from real estate sales of approximately $9,000 and ($18,000), respectively, compared with gains of $237,000 and $176,000, respectively, for the three and nine months ended May 31, 1991. Gains on sales or losses are dependent upon the specific assets sold in a particular period and the terms of each sale.

Operating revenues from real estate properties for the three and nine months ended May 31, 1992 increased approximately $113,000 and $176,000, or 6% and 3%, respectively, compared to the three and nine months ended May 31, 1991. The increase was due primarily to higher occupancies at the mobile home parks in Florida. Operating expenses during the three months ended May 31, 1992 decreased $99,000, or 7% compared to the three months ended May 31, 1991 primarily due to a decrease in real estate tax expense. Operating expenses during the nine months ended May 31, 1992 increased $110,000, or 3% compared to the nine months ended May 31, 1991 due to normal operating expense increases at the majority of the Company's operating properties.

During the three and nine months ended May 31, 1992, the Company's losses from mobile home sales increased $234,000 to $352,000 and decreased $76,000 to $637,000, respectively, compared to the three and nine months ended May 31, 1991. The increase in the net losses for the three months was due to a decrease in gross profits as a result of fewer sales compared to the prior year. The decrease in the net losses for the nine months compared to the prior year was the result of decreased marketing and overhead costs; however, such costs continued to be greater than gross profits on homes sales, generating a net loss.

Income from loans and temporary investments decreased compared to the prior period due to less cash invested in the current period.

Interest expense decreased approximately $58,000 and $221,000, respectively, for the three and nine months ended May 31, 1992 compared to the three and nine months ended May 31, 1991 primarily due to a decrease in the prevailing borrowing rates. Interest expense during the first nine months of fiscal year 1992 and 1991 reflects no capitalized interest.

General, administration and other expenses decreased approximately $2,000, and approximately $161,000, or 9%, respectively, for the three and nine months ended May 31, 1992 compared to the three and nine months ended May 31, 1991. The nine month decrease compared to the prior year was primarily due to decreased insurance costs resulting from the normal course of business.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

State of Florida, Department of Community Affairs v. Ridgewood Properties, Inc. filed with the Division of Administrative Hearings, Tallahassee, Florida on March 3, 1987.

This Complaint alleged that the Company should have obtained a Development of Regional Impact Development Order, pursuant to Section 380.06(15), Fla. Stat., prior to commencing development of a project in Orange County, Florida. The Company appealed an order issued on June 4, 1991 by the substitute Secretary of the Department of Community Affairs directing that the Company submit an application for development approval. The appeal was reviewed by the Fifth District Court of Appeals in Daytona Beach, Florida.

On March 27, 1992 the three judge panel reversed the order of the substitute Secretary of the Department of Community Affairs, ruling that the property which was the subject of the order had vested rights and could be completed without undergoing an application for development approval. The State of Florida has filed a motion with the Florida Supreme Court to invoke the discretionary jurisdiction of the Court.

ITEM 5. OTHER INFORMATION

Intermark, Inc. ("Intermark") is the owner of approximately 75% of the Company's outstanding shares of common stock. Mr. Charles R. Scott, a director of the Company, serves as Chairman of the Board and a director of Intermark. On March 31, 1992, Intermark and its wholly-owned subsidiary Triton Group Ltd. ("Triton") filed a preliminary registration statement with the Securities and Exchange Commission indicating their intent to solicit their bondholders' and shareholders' acceptance of a prepackaged plan of reorganization under Chapter 11 of the United States Bankruptcy Code ("Chapter 11"). Although Triton has failed to make scheduled payments on its subordinated debt, at present the creditors of Intermark and Triton have agreed to certain forbearance and standstill arrangements (which will terminate on July 30) to allow additional time to negotiate a pre-packaged or pre-negotiated plan of reorganization.

If, as a result of the foregoing proceedings or otherwise Intermark either disposes or is required to dispose of its equity interest in the Company, a change of control of the Company would occur.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

A. Exhibits:

10(a)	Post-Employment Consulting Agreement between Michael E. Tripp and Ridgewood Properties, Inc. dated April 2, 1992
10(b)	Amendment to Loan Agreement between Ridgewood Properties, Inc. and First American Bank of Georgia, N.A. dated April 27, 1992

B. Reports on Form 8-K: No reports on Form 8-K were filed during the three months ended May 31, 1992.

SIGNATURES:

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

RIDGEWOOD PROPERTIES, INC.

By: N R Walden
N. Russell Walden
President

By:
Karen S. Hughes
Vice President,
Chief Accounting Officer

Date: July 10, 1992

Exhibit 10(a)

POST-EMPLOYMENT CONSULTING AGREEMENT

THIS POST-EMPLOYMENT CONSULTING AGREEMENT (the "Agreement") is made and entered into this 2nd day of April, 1992, by and between RIDGEWOOD PROPERTIES, INC., a Delaware corporation with offices at 2859 Paces Ferry Road, Suite 700, Atlanta, Georgia 30339 (the "Company"), and MICHAEL E. TRIPP, an individual residing at 3036 Wellington Court, Atlanta, Georgia 30339 (the "Executive").

WITNESSETH:

WHEREAS, the Executive is currently employed by the Company in the capacity of Vice President - Operations; and

WHEREAS, the Executive is employed as an officer of the Company and as such the Board of Directors of the Company deems it in the best interest of the Company to offer this Agreement to the Executive; and

WHEREAS, the Company and the Executive wish to provide for the Company's retention of the Executive to perform certain consulting services following termination of the Executive's employment by the Company, all upon the terms and conditions hereinafter set forth;

NOW, THEREFORE, FOR AND IN CONSIDERATION of the premises, the mutual covenants and obligations hereinafter set forth, and other and good valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Events of Termination Triggering Consulting Services.

(a) For purposes of this Section 1, the following definitions apply:

(i) "Cause" shall mean that the Executive: (A) has misappropriated, stolen or embezzled funds of the Company; or (B) has committed an act of deceit, fraud, dereliction of duty, or gross or wilful misconduct; or (C) has been convicted of either a felony or a crime involving moral turpitude or entered a plea of *nolo contendre* in response to an indictment for such crime or felony; or (D) has intentionally disclosed confidential information of the Company except when such disclosure is made pursuant to the direction of the Company or in accordance with company policy; or (E) has engaged in competitive behavior against the Company, has purposely aided a competitor of the Company or has misappropriated or aided in misappropriating a material opportunity of the Company.

(ii) "Good Reason" shall mean, without the written consent of the Executive: (A) a reduction in the Executive's base salary or a reduction in the Executive's benefits received from the Company other than in connection with an across-the-board reduction in salaries and/or benefits for similarly situated employees of the Company or pursuant to the Company's standard retirement policy; or (B) the relocation of the Executive's full-time office to a location greater than fifty (50) miles from the Company's current corporate office; or (C) a reduction in the Executive's corporate title.

(b) The Company shall be obligated to retain the Executive as a consultant only:

(i) upon the execution by the Executive of a release of the Company in the form attached to this Agreement or in such other form as may be deemed necessary by the Company from time to time to provide the Company with a valid and enforceable unconditional release (the "Release Agreement"); and

(ii) in the event of a termination of the Executive's employment with the Company due to one of the following events (hereinafter, a "Qualifying Termination"): (A) the Company's termination of the Executive's employment other than for Cause; or (B) the Executive's voluntary termination of employment with the Company within thirty (30) days of an event qualifying as Good Reason.

2. Consulting Services. Upon the occurrence of a Qualifying Termination and the execution by the Executive of the Release Agreement, the Company shall retain the Executive to perform certain consulting services (the "Consulting Services"), and the Executive shall perform such services, all in accordance with the terms and conditions of this Agreement. The Consulting Services shall consist of the following:

(a) the performance of consulting services to the Company, as and when reasonably requested, to assist the Company in the transition period following termination of the Executive's employment and to answer questions, give testimony and generally cooperate in any Company matters, including litigation;

(b) the general promotion of the goodwill of the Company.

3. Consulting Period.

(a) Subject to the possible extension set forth in subparagraph (b) below, the Executive shall perform the Consulting Services for a period of time (the "Consulting Period") commencing on the day following a Qualifying Termination and continuing thereafter until the expiration of twelve (12) months.

(b) At such time as the Executive is employed by the Company as an officer for ten (10) years or at such time as the Board of Directors designates the Executive as a senior executive officer, the Consulting Period shall be amended to the expiration of twenty-four (24) months from the Qualifying Termination.

4. Consulting Fee/Benefits.

(a) Subject to the provisions of Sections 5, 6 and 11 hereof, the Executive shall receive during the Consulting Period, as full compensation for the Consulting Services, a fee, payable in equal monthly installments (a "Consulting Fee," and collectively, the "Consulting Fees") equal to the Executive's annual base salary immediately prior to the Qualifying Termination divided by twelve (12). The Executive's annual base salary for purposes of calculating the Consulting Fee shall consist solely of the Executive's base salary, exclusive of any bonuses, commissions, allowances or other means of compensation or benefits made available to the Executive as an employee of the Company. The Consulting Fee for any partial months during the Consulting Period shall be reduced proportionately. The aggregate amount of all Consulting Fees to be paid during the full Consulting Period is sometimes hereinafter referred to as the "Total Consulting Fees."

(b) Subject to the provisions of Section 5 hereof, during the Consulting Period the Company shall also make available to the Executive such medical, dental and vision insurance coverage as may be provided to the Executive by the Company immediately prior to the Qualifying Termination (or such Company medical insurance coverage which is consistent with the coverage in place from time to time for comparable executives of the Company). Such medical insurance coverage shall be provided to the extent available pursuant to the continuation coverage provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") and, if necessary, pursuant to insurance policies providing comparable benefits to the Executive in the event of the expiration of COBRA benefits. The Executive will be charged a premium equal to fifty percent (50%) of the Company's cost for the medical insurance so provided. Upon expiration of the Consulting Period, the Company may charge the maximum premium permitted under COBRA for any remaining continuation coverage to which the Executive is entitled. Group car and homeowners' insurance, if applicable, may be continued during the term of the Agreement, provided that the Executive agrees to pay all applicable premiums.

(c) Subject to the provisions of Section 5 hereof, during the Consulting Period the Company shall also make available to the Executive life insurance coverage, if any, as may be provided to the Executive by the Company immediately prior to the Qualifying Termination, provided, however, that the Executive agrees to pay fifty percent (50%) of the Company's cost of such coverage.

(d) The Company shall also reimburse the Executive immediately for pre-approved expenses actually incurred by the Executive at the request of the Company in performance of the Consulting Services.

5. Effect of Re-Employment/Other Compensation.

(a) If at any time during the Consulting Period, the Executive enters into employment ("Re-Employment"), the Executive shall immediately notify the Company in writing of the Executive's monthly compensation to be received from such Re-Employment and any insurance coverage provided pursuant thereto, and the following provisions shall apply:

(i) If the Executive's monthly compensation from Re-Employment is equal to or in excess of the Consulting Fee, the Company shall promptly pay the Executive, in full satisfaction of all obligations to pay the Consulting Fees hereunder, an amount equal to fifty percent (50%) of the remainder of: (A) the Total Consulting Fees less (B) the Consulting Fees actually paid to the Executive prior to Re-Employment. Notwithstanding anything herein to the contrary, upon payment by the Company of the amounts set forth in this Section 5(a)(i), the Company shall cease to have any obligations under the terms of this Agreement and the Consulting Period shall be deemed to immediately expire.

(ii) If the Executive's monthly compensation from Re-Employment is less than the Consulting Fee, the Consulting Fee payable to the Executive for the remainder of the Consulting Period shall automatically be reduced by the amount of the Executive's monthly compensation from Re-Employment; provided, however, that at the end of the Consulting Period the Company shall pay the Executive an amount equal to fifty percent (50%) of the remainder of: (A) the Total Consulting Fees less (B) the actual Consulting Fees paid the Executive during the Consulting Period. The Executive shall immediately notify the Company of any change in the level of compensation received from Re-Employment and, if such compensation increases to a level equal to or in excess of the Consulting Fee, the provisions of Section 5(a)(i) shall then apply.

(b) Provided COBRA requirements have been met, the Company's obligation to provide insurance coverage to the Executive under Section 4(b) hereof shall terminate as to any specific coverage if and when comparable coverage is made available to the Executive in connection with Re-Employment.

6. Death or Retirement.

(a) If at any time during the Consulting Period during which the Company remains obligated to pay Consulting Fees to the Executive, the Executive dies, the Company shall pay the Executive's estate in full satisfaction of all obligations to the Executive hereunder, an amount equal to one hundred percent (100%) of the remainder of: (A) the Total Consulting Fees less (B) the actual Consulting Fees paid the Executive prior to the Executive's death and less (C) any re-employment compensation received by the Executive pursuant to Re-Employment as described in Section 5 above.

(b) If at any time during the Consulting Period during which the Company remains obligated to pay Consulting Fees to the Executive, the Executive becomes eligible for and receives retirement benefits from the Company, the Company shall pay monthly to the Executive for the remainder of the Consulting Period, a reduced amount equal to the monthly Consulting Fee less any amounts accrued or received by the Executive as retirement payments for such month.

7. Status of the Parties. The Executive, in performance of any Consulting Services hereunder, shall be acting as an independent contractor and shall not be an employee of the Company. The Executive shall not be entitled to any compensation or other benefits given to or provided for the benefit of any employees of the Company, including, without limitation, the right to participate in or receive credit for service under any "employee welfare benefit plan" or "employee pension benefit plan" (as such terms are defined in the Employee Retirement Income Security Act of 1974) and the Executive shall not in any form or fashion maintain, hold out, represent, state or imply to any other individual or entity that an employee/employer relationship exists between the Company and the Executive.

8. Responsibility for Expenses. The Executive hereby recognizes, covenants and agrees that it will be acting as an independent contractor in performing any Consulting Services hereunder, and that except as specifically set forth to the contrary herein, the Executive shall be solely responsible and liable for all expenses, costs, liabilities, undertakings, assessments, taxes, insurance and other obligations incurred by the Executive at any time and for any reason as a result of this Agreement or the performance of the Consulting Services, including, without limitation, withholding taxes, social security taxes and state unemployment taxes.

9. **Nondisclosure; Ownership of Proprietary Property**. The Executive shall regard and treat each item constituting all or any portion of the Company trade secrets and all confidential information as strictly confidential and wholly owned by the Company and will not, for any reason in any fashion, either directly or indirectly use, sell, disclose or distribute any such item or information to any third party for any purpose other than in accordance with the Executive's performance of the Consulting Services.

10. **Stock Options and Stock Purchase Agreements**. Any agreements for or options to purchase the Company's stock held by the Executive at the time of any termination of the Executive's employment with the Company shall be exercisable in accordance with the terms of the applicable stock purchase agreements or stock option plans.

11. **Breach or Default**. Upon the occurrence of any breach or default in the performance of any of the Executive's duties or responsibilities hereunder, and the Executive's failure to cure such breach or default within seven (7) days of receipt of written notice thereof, all obligations of the Company hereunder to compensate the Executive or to provide benefits thereto shall immediately be terminated and rendered null, void and of no further effect, after which the Company shall be entitled to pursue any and all remedies available, at law or in equity, to address the Executive's breach or default hereunder.

12. **No Right to Continued Employment**. Nothing herein shall be construed as giving the Executive any rights to continued employment with the Company, and the Company shall continue to have the right to terminate the Executive with or without cause.

13. **Rights to Indemnification**. Nothing in this Agreement shall be construed as a waiver or limitation upon any rights or entitlements of the Executive to indemnification and liability insurance coverage pursuant to any indemnity agreement, or the Company's certificate of incorporation or Bylaws or the laws of the State of Delaware, common law or otherwise.

14. **Goodwill Covenant**. During the term of this Agreement, the Executive covenants and agrees to refrain from making detrimental statements or taking any action detrimental to the business or goodwill of the Company.

15. **General Provisions**.

(a) **Binding Effect and Assignability**. The rights and obligations under this Agreement shall inure to the benefit of and be binding upon the Executive, the Company and their successors and assigns. Neither this Agreement, nor any rights or obligations of the Executive herein shall be transferable or assignable by the Executive without the Company's prior written consent, and any attempted transfer or assignment hereof by the Executive not in accordance herewith shall be void.

(b) Notices. Any notices or other communications required or permitted hereunder shall be deemed to have been duly given on the date of service if personally served or three (3) days after mailing if mailed by first class mail, registered or certified, postage prepaid and addressed to the parties at their addresses as set forth in the most current records of the Company or to such other address as shall be designated by written notice issued pursuant hereto.

(c) Entire Agreement. This Agreement, together with the Release Agreement, contains the entire agreement of the parties relating to the subject matter hereof and supersedes any prior agreements or understandings, oral or written, to the contrary.

(d) Waiver. The waiver of the breach of any term or condition of this Agreement shall not be deemed to constitute the waiver of any other or subsequent breach of the same or any other term or condition.

(e) Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Georgia.

(f) Severability. The unenforceability or invalidity of any term, provision or Section of this Agreement shall not affect the validity or enforceability of the remaining terms, provisions, or sections hereof, but such remaining terms, provisions or sections shall be construed and interpreted in such a manner as to carry out fully the intent of the parties hereto.

(g) Modification. This Agreement shall not be modified or amended except by a written instrument signed by an authorized representative of all parties executing this Agreement.

IN WITNESS WHEREOF, the Executive has executed this Agreement, and the Company has caused its duly authorized corporate officer to execute this Agreement and affix its seal hereto, all as of the day and year first above written.

"Company"

RIDGEWOOD PROPERTIES, INC.

By: ________________________________
N. Russell Walden, President

(CORPORATE SEAL)

"Executive"

_______________________________________(SEAL)
Michael E. Tripp

Exhibit 10(b)

AMENDMENT TO LOAN AGREEMENT

WHEREAS, First American Bank of Georgia, N.A., a national banking association (hereinafter "Lender"), has heretofore made a loan to Ridgewood Properties, Inc., a Delaware corporation (hereinafter "Borrower") in the original principal amount of Fifteen Million and No/100 Dollars ($15,000,000.00) (the "Loan"), which Loan is governed by that certain Loan Agreement dated November 22, 1989, as amended March 1, 1991, and May 8, 1991, and as further amended by that certain Consolidated Amendatory Agreement entered into as of the 31st day of January 1992, and as further amended March 26th, 1992, by and between Borrower and Lender (collectively the "Loan Agreement"); and

WHEREAS, the Loan is collateralized by various real properties given by Borrower to Lender as security for the Loan, which real properties are described in the Loan Agreement; and

WHEREAS, the provisions of the Loan Agreement provide for the release of collateral pursuant to a formula described in the Loan Agreement; and

WHEREAS, Borrower is desirous of selling one of the real properties and obtaining Lender's release of such real property from the Deed to Secure Debt which encumbers said property pursuant to the Loan Agreement; and

WHEREAS, the real property to be released is referred to as Property No. 830 - Park on Ivey (Lot 23) ("Lot 23") in Atlanta Georgia, and has a minimum release price of $352,000.00, as referred to on Exhibit "A" to the above-referenced Consolidated Amendatory Agreement; and

WHEREAS, the net sales proceeds available to Borrower from the sale of Lot 23 shall be Two Hundred Ninety-Eight Thousand and No/100 Dollars ($298,000.00); and

WHEREAS, Lender is willing to reduce the release price for Lot 23 from $352,000.00 to $298,000.00 by deferring the payment of the difference of $54,000.00 (the "Deferral Amount"), which Deferral Amount shall be paid by Borrower at a later date;

NOW, THEREFORE, Borrower and Lender hereby amend and modify the Loan Agreement as follows:

1. Lender shall agree to release Lot 23 for a net release price paid to Lender of $298,000.00. The Deferral Amount of $54,000.00, plus the Deferral Amount of $64,000.00, which was deferred by Lender under the Amendment to Loan Agreement dated March 26, 1992, shall be added to the book

value of the next property Borrower shall seek to have released pursuant to the Loan Agreement by paying the release value of such property sought to be released plus the aggregate Deferral Amount of $118,000.00, which aggregate amount shall be paid by Borrower to Lender at the time Borrower shall seek to have the next property released.

2. Lender's willingness to reduce the release price for Lot 23 shall not be deemed as a waiver by Lender of any of the terms, conditions and obligations of Borrower to Lender under the Loan Agreement or under any of the other loan documents evidencing or securing the Loan and Borrower agrees that Lender's execution of this Amendment shall not have the effect of precluding Lender hereafter from declaring any inability of Borrower to satisfy any term, condition or obligation to be a Default Under the Loan Agreement, or under any of the loan documents evidencing or securing the Loan.

3. Except as amended by this Agreement, the Loan Agreement shall otherwise remain in full force and effect in accordance with the terms contained therein and Borrower hereby ratifies and reaffirms each and every term and condition of said Loan Agreement.

IN WITNESS WHEREOF, the undersigned have caused this Amendment to be executed by their duly authorized officers and have affixed corporate seals, this 23rd day of April, 1992.

Witness

FIRST AMERICAN BANK OF GEORGIA, N.A
By:
Its: Assistant Vice President

[CORPORATE SEAL]

Witness

RIDGEWOOD PROPERTIES, INC.
By:
Its:

[CORPORATE SEAL]

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SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

L3d

Form 10-Q

T92-2239

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended March 30, 1992 Commission File Number 06253

SIMMONS FIRST NATIONAL CORPORATION
(Exact name of registrant as specified in its charter)

Arkansas	71-0407808
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

501 Main Street Pine Bluff, Arkansas 71601
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code 501-541-1350

Not Applicable
Former name, former address and former fiscal year, if changed since last report

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period) and (2) has been subject to such filing requirements for the past 90 days.

YES X NO ____

* *

Indicate the number of shares outstanding of each of issuer's classes of securities.

Class A, Common	1,436,189
Class B, Common	None

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SIMMONS FIRST NATIONAL CORPORATION

INDEX

Page No.

Part I: Summarized Financial Information

Consolidated Balance Sheets --
March 31, 1992 and December 31, 1991 3-4

Consolidated Statements of Income --
Three Months Ended
March 31, 1992 and 1991 5

Consolidated Statements of Cash Flows --
March 31, 1992 and 1991 6-7

Consolidated Statement of Changes in Stockholders' Equity -- Three Months Ended
March 31, 1992 and 1991 8

Notes to Consolidated Financial Statements 9-10

Management's Analysis of Quarterly Income Statements 11-12

Review by Independent Certified Public Accountants 13

Part II: Other Information 14

PART I

A. SUMMARIZED FINANCIAL INFORMATION

SIMMONS FIRST NATIONAL CORPORATION

CONSOLIDATED BALANCE SHEET

MARCH 31, 1992 AND DECEMBER 31, 1991

ASSETS

	($ in thousands)	
	Mar 31, 1992	Dec 31, 1991
	(Unaudited)	
Cash and due from banks	$43,245	$45,475
Federal funds sold and securities purchased under agreements to resell	72,930	63,225
Cash and cash equivalents	116,175	108,700
Investment securities	169,999	168,580
Mortgage loans held for delivery against commitments	22,741	14,735
Assets held in trading accounts	3,750	5,770
Loans	323,376	331,062
Allowance for loan losses	(5,013)	(5,302)
Net loans	318,363	325,760
Premises and equipment	8,671	8,410
Other real estate	5,863	5,335
Interest receivable	6,855	6,932
Other assets	29,137	29,155
Total Assets	$681,554	$673,377

The December 31, 1991 Consolidated Balance Sheet is as reported in the Corporation's 1991 Annual Report.

See Notes to Consolidated Financial Statements.

LIABILITIES AND STOCKHOLDERS' EQUITY

	($ in thousands)	
	Mar 31, 1992	Dec 31, 1991
	(Unaudited)	
Non-interest bearing deposits	$97,731	$104,550
Interest bearing deposits	466,785	458,564
Total Deposits	$564,516	$563,114
Federal funds purchased and securities sold under agreements to repurchase	45,380	38,495
Borrowed funds	15,528	15,928
Other liabilities	9,449	10,380
Total Liabilities	$634,873	$627,917
STOCKHOLDERS' EQUITY		
Capital stock		
Class A, common, par value $5 a share, authorized 4,000,000 shares, issued and outstanding 1,436,189 shares	7,181	7,181
Surplus	7,742	7,742
Undivided profits	31,758	30,537
Total Stockholders' Equity	$46,681	$45,460
Total Liabilities and Stockholders' Equity	$681,554	$673,377

The December 31, 1991 Consolidated Balance Sheet is as reported in the Corporation's 1991 Annual Report.

SIMMONS FIRST NATIONAL CORPORATION
CONSOLIDATED STATEMENT OF INCOME
THREE MONTHS ENDED MARCH 31, 1992 and 1991
($ in thousands, except per share figures)

	THREE MONTHS ENDED	
	Mar 31, 1992	Mar 31, 1991
INTEREST INCOME		
Loans	$7,520	$8,254
Federal funds sold and securities purchased under agreements to resell	722	835
Investment securities - taxable	2,793	2,397
Investment securities - non-taxable	445	460
Other securities	77	62
Mortgage loans held for delivery against commitments	313	607
Trading account	53	51
Other interest	26	26
TOTAL INTEREST INCOME	11,949	12,692
INTEREST EXPENSE		
Deposits	4,801	6,073
Borrowed funds	589	1,034
TOTAL INTEREST EXPENSE	5,390	7,107
NET INTEREST INCOME	6,559	5,585
Provision for loan losses	936	935
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	5,623	4,650
NON-INTEREST INCOME		
Trust department income	372	341
Service charges on deposit accounts	525	464
Other service charges & fees	200	208
Income on sale of mortgage loans and trading acct profits, net of commissions	581	428
Securities gains (losses)	6	(79)
Other operating income	3,664	3,043
TOTAL NON-INTEREST INCOME	5,348	4,405
NON-INTEREST EXPENSE		
Salaries and employee benefits	4,571	3,892
Occupancy expense, net	441	439
Furniture & equipment expense	475	513
Other operating expense	3,400	3,129
TOTAL NON-INTEREST EXPENSE	8,887	7,973
NET INCOME BEFORE INCOME TAXES	2,084	1,082
Provision for income taxes	576	192
NET INCOME	$1,508	$890
EARNINGS PER COMMON SHARE	$1.05	$0.64
DIVIDENDS PER COMMON SHARE	$0.20	$0.12

See Notes to Consolidated Financial Statements.

SIMMONS FIRST NATIONAL CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 1992 and 1991

	($ in thousands)	
	Mar 31, 1992	Mar 31, 1991
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$1,508	$890
Items not requiring (providing) cash		
Depreciation and amortization	392	426
Provision for loan losses	936	935
Amortization of premiums and accretion of discounts on investment securities and mortgage-backed certificates	79	(8)
Provision for real estate owned losses	203	255
(Gain)/loss on sale of investments	(6)	79
(Gain)/loss on sale of premises and equipment	(10)	(15)
Deferred income taxes	(117)	(87)
Changes in:		
Accrued interest receivable	78	184
Mortgage loans held for delivery against commitments	(8,006)	(27,152)
Prepaid expenses	(25)	1,009
Accounts payable and accrued expenses	(729)	(583)
Income taxes payable	(193)	(1,720)
Trading accounts	2,019	(290)
Net cash used by operating activities	(3,871)	(26,077)
ASH FLOWS FROM INVESTING ACTIVITIES		
Net collections of loans	5,487	20,774
Purchase of premises and equipment	(548)	(305)
Proceeds from sale of fixed assets	23	22
Proceeds from the sale of real estate owned	295	224
Proceeds from the sale of investment securities	2,748	758
Proceeds from maturing investment securities	6,851	7,097
Purchase of investment securities	(11,091)	(6,375)
Net cash provided by investing activities	3,765	22,195
ASH FLOWS FROM FINANCING ACTIVITIES		
Net decrease in demand deposits, Money Market, All-In-One and savings accounts	(36,382)	(28,966)
Net issuance of certificates of deposit	27,894	8,047
Repayments of other borrowings	(33,207)	(121,033)
Proceeds from other borrowings	32,807	118,613
Dividends paid	(287)	(168)
Net decrease (increase) federal funds purchased and securities sold under agreements to repurchase	6,885	(21,779)
Assumption of branch deposits	9,871	0
Net cash provided/(used) by financing activities	$7,581	($45,286)

SIMMONS FIRST NATIONAL CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 1992 and 1991
(Continued)

	($ in thousands)	
	Mar 31, 1991	Mar 31, 1991
	(Unaudited)	
INCREASE (DECREASE) IN CASH	$7,475	($49,168)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	108,700	109,226
CASH AND CASH EQUIVALENTS, END OF PERIOD	$116,175	$60,058

See Notes to Consolidated Financial Statements.

SIMMONS FIRST NATIONAL CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

THREE MONTHS ENDED MARCH 31, 1992 AND 1991

($ in thousands)

	COMMON STOCK	SURPLUS	UNDIVIDED PROFITS	TOTAL
Balance, December 31, 1990	$7,000	$7,000	$26,259	$40,259
Net income			890	890
Cash dividends declared ($.12 per share)			(168)	(168)
Balance, March 31, 1991	7,000	7,000	26,981	40,981
Additional Common Stock issued to Corporation's ESOP (36,189 shares)	181	742		923
Balance, December 31, 1991	7,181	7,742	30,537	45,460
Net income			1,508	1,508
Cash dividends declared ($.20 per share)			(287)	(287)
Balance, March 31, 1992	$7,181	$7,742	$31,758	$46,681

See notes to Consolidated Financial Statements.

SIMMONS FIRST NATIONAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

NOTE 1: ACCOUNTING POLICIES

The consolidated financial statements include the accounts of Simmons First National Corporation and its subsidiaries. Significant intercompany accounts and transactions have been eliminated in consolidation.

The information contained in the financial statements is unaudited. In the opinion of management, all adjustments necessary for a fair presentation of the results of interim periods have been made. Certain prior year amounts are reclassified to conform to current year classification.

The accounting policies followed in the presentation of interim financial results are presented on pages 13-16 of the 1991 Annual Report to shareholders.

NOTE 2: CONTINGENT LIABILITIES

A number of legal proceedings exist in which the Corporation and/or its subsidiaries are either plaintiffs or defendants or both. Most of the lawsuits involve loan foreclosure activities. The various unrelated legal proceedings pending against the subsidiary banks in the aggregate are not expected to have a material adverse effect on the financial position of the Corporation and its subsidiaries.

NOTE 3: ADDITIONAL CASH FLOW INFORMATION FOR QUARTER ENDED MARCH 31, 1992 AND 1991

	Three Months Ended March 31,	
	1992	1991
Interest paid	$5,868,850	$8,395,504
Income taxes paid	$ 500,000	$ 0

NOTE 4: CERTAIN TRANSACTIONS

From time to time the Corporation and its subsidiaries have made loans and other extensions of credit to directors, officers, their associates and members of their immediate families, and from time to time directors, officers and their associates and members of their immediate families have placed deposits with Simmons First National Bank, Simmons First Bank of Lake Village, and Simmons First Bank of Jonesboro. Such loans, other extensions of credit and deposits were made in the ordinary course of business, were made on substantially the same terms (including interest rates and collateral) as those prevailing at the time for comparable transactions with other persons and did not involve more than normal risk of collectibility or present other unfavorable features, except for loan and extensions of credit to Arkansas Oak Flooring Company ("AOFC") of which John E. Fox, a former director of Simmons First National Corporation and Simmons First National Bank, is an officer, director and beneficial owner of more than 10% of the stock of AOFC.

These loans were for the purpose of providing working capital for the ordinary operations of AOFC, capital expenditures and for the acquisition of 36,624 shares of stock in the Corporation. This indebtedness consists of three separate loans: two loans, with an aggregate principal balance of $3,503,091, bear interest at 11% per annum, and the remainder of the indebtedness, $235,000, bears interest at 1% in excess of the Simmons First National Bank Local Reference rate, 9.5% per annum as of February 19, 1992. A portion of this indebtedness, $3,015,705, was placed in nonaccrual status by the Bank, effective February 27, 1992, although all payments due under the loans were current at such time. As of March 31, 1992, it was further determined that $883,140.49 of this indebtedness should be classified as an in-substance foreclosure. Due to a decline in the financial condition of AOFC, the Banks determined that $745,000 was not collectible in the near future, and therefore the indebtedness was charged down by such amount.

NOTE 5: STOCK DIVIDEND

On April 13, 1992, the board of directors of the Corporation declared a 100% stock dividend to shareholders of record on May 15, 1992, payable on June 5, 1992.

MANAGEMENT'S ANALYSIS OF QUARTERLY INCOME STATEMENTS

RESULTS OF OPERATIONS

Net income for the quarter ended March 31, 1992, was $1,508,000, an increase of $618,000, or 69.5%, over the same period of 1991. Earnings per share for the three month periods ended March 31, 1992 and March 31, 1991, were $1.05 and $.64, respectively.

Net interest income for the three month period ended March 31, 1992, increased $974,000, or 17.4%, when compared to the same period in 1991. During the first quarter interest income decreased $743,000, or 5.9%, and interest expense decreased 24.2%, or $1,717,000. The increase in net interest income occurred, despite reductions in the discount rate that have occurred during 1991 and the very restrictive usury laws in Arkansas. However, the additional acquisition of five branches of failed savings and loan associations located in Fort Smith and Pine Bluff, Arkansas in July and September, 1991, and March, 1992, brought a significant increase in the total volume of deposits and assets. In turn, this increase in volume partially offset the impact of the lower interest margin and resulted in an increase in earnings for the quarter, compared to the same period in 1991.

The provision for loan losses for the first quarter of 1992 was $936,000, as compared to $935,000 for the first quarter of 1991.

During the first quarter of 1992, non-interest income increased $943,000, or 21.4%, when compared to the first quarter of 1991. The primary factors in this improvement were fees associated with bank card and mortgage servicing.

During the three months ended March 31, 1992, non-interest expense increased $914,000, or 11.5%, over the same period in 1991, primarily from expenses associated with the additional acquisitions and the normal increase in the cost of doing business.

FINANCIAL CONDITION

A major source of liquidity is the Corporation's short-term investment portfolio. The Corporation maintains a major federal funds market within the state of Arkansas and purchases federal funds primarily from its correspondent banks in the state. Since these federal funds have historically been a consistent source of funds to the Corporation, Management uses this portion of its business to fund federal funds sold, mortgage loans held for delivery against commitments and other short-term investments.

The investment portfolio provides another source of liquidity for the Corporation. The maturities of the portfolio are structured to insure that there is a consistent flow of funds available from this source. Substantially all cash inflows from investment transactions represent maturities of short-term investments and periodic collections of principal on mortgage-backed investment securities.

During the first quarter of 1992, other real estate owned increased to $5,863,000 and is carried at the lower of cost or fair market value.

At March 31, 1992, the stockholders' equity to total asset ratio was 6.8%, while the primary capital ratio was 7.6%. It is anticipated that retained earnings will be sufficient to provide the necessary capital to meet the growth expected in all areas of the balance sheet.

The Federal Reserve Board's risk-based capital guidelines require a minimum risk-adjusted ratio for total capital of 8% by the end of 1992. As of March 31, 1992, the Corporation's total capital to total risk-weighted assets ratio was 10.2%, well above the minimum required.

BAIRD, KURTZ & DOBSON

Certified Public Accountants

200 East Eleventh

Pine Bluff, Arkansas

Board of Directors
Simmons First National Bank
Pine Bluff, Arkansas

We have made a review of the accompanying consolidated condensed financial statements, appearing on pages 3 to 8 of the accompanying Form 10-Q, of **SIMMONS FIRST NATIONAL CORPORATION** and consolidated subsidiaries as of March 31, 1992 and for the three month period ended March 31, 1992, in accordance with standards established by the American Institute of Certified Public Accountants.

A review of interim financial information consists principally of obtaining an understanding of the system for the preparation of interim financial information, applying analytical review procedures to financial data, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an examination in accordance with generally accepted auditing standards, the objective which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the condensed financial statements referred to above for them to be in conformity with generally accepted accounting principles.

Baird, Kurtz & Dobson

BAIRD, KURTZ & DOBSON

Pine Bluff, Arkansas
April 17, 1992

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SIMMONS FIRST NATIONAL CORPORATION

Financial Statements

(Form 10-Q)

March 31, 1992

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SIMMONS FIRST NATIONAL CORPORATION
(Registrant)

Date: 5/13/92

W. E. Ayres, Chairman
and Chief Executive Officer

Date: 5-13-92

Barry L. Crow

Barry L. Crow, Sr. Vice President
and Controller

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______ to ______

Commission file number 0-11232

VEREX LABORATORIES, INC.
(Exact name of Registrant as specified in its charter)

Colorado	84-0850695
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

14 Inverness Drive East, D-100 Englewood, Colorado 80112
(Address of principal executive offices)

(303) 799-4499
(Registrant's telephone number, including area code)

______
(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such requirements for the past 90 days.

Yes X No ____

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

The registrant had 11,205,000 shares of its no par value common stock outstanding as of March 31, 1992 .

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PART I

Item 1: Financial Statements

VEREX LABORATORIES, INC. and Subsidiary
(A Development Stage Enterprise)
Consolidated Balance Sheets
(Unaudited)

	March 31, 1992	June 30, 1991
ASSETS		
Current assets		
Cash and temporary cash investments	$ 84,040	$ 432,404
Receivables	77,677	2,317
Inventory	30,367	5,692
Other	15,047	7,720
	207,131	448,133
Property and equipment, at cost		
Furniture and equipment	447,673	404,819
Leasehold improvements	2,506	1,317
Vehicles	7,553	21,465
	457,732	427,601
Less accumulated depreciation and amortization	(394,732)	(349,758)
	63,000	77,863
Other assets		
Patents and trademarks, net of accumulated amortization of $150,157 and $135,223	59,672	73,906
Assets acquired in excess of basis, net of accumulated amortization of $24,625	9,040	---
	68,712	73,906
	$ 338,843	$599,882
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Accounts payable and other accruals	$ 17,458	$ 3,049
Notes payable	63,128	---
	$ 80,586	$ 3,049
Long-term liabilities		
Accrued salary and benefits payable	806,442	755,943
Commitments (note 2)		
Shareholders' equity (deficit) (note 3)		
Common Stock, no par value, 25,000,000 shares authorized, 11,205,000 shares issued and outstanding	1,450,770	1,450,770
Additional paid-in capital	3,413,481	3,488,355
(Deficit) accumulated during the development stage	(5,492,436)	(5,098,235)
	(628,185)	(159,110)
	$ 338,843	$ 599,882

The accompanying notes are any integral part of these financial statements.

VEREX LABORATORIES, INC. and Subsidiary
(A Development Stage Enterprise)
Consolidated Statements of Operations
(Unaudited)

	For the Nine Months Ended March 31, 1992	For the Nine Months Ended March 31, 1991
Revenues:		
Sales:		
Food products	279,359	---
Drug products	4,654	---
Licensing fees	5,000	10,000
Contract projects	---	255,000
Interest income	9,548	15,212
Consulting fees	---	10,000
Other	1,320	60,456
	299,881	350,668
Costs and expenses:		
Cost of sales:		
Food products	196,865	---
Drug products	---	---
General and administrative	484,616	483,319
Research and development	12,610	18,671
	694,091	501,990
Loss before income taxes	(394,210)	(151,322)
Income taxes (benefits)	---	---
Net loss	$ (394,210)	$ (151,322)
Net loss per common share (note 3)	$ (.04)	$ (.01)
Weighted average shares outstanding	11,205,000	11,205,000

The accompanying notes are an integral part of these financial statements.

VEREX LABORATORIES, INC.
(A Development Stage Enterprises)
Consolidated Statements of Operations
(Unaudited)

	For the Three Months Ended March 31, 1992	For the Three Months Ended March 31, 1991
Revenues:		
Sales:		
Food products	$ 117,052	$ ---
Drug products	(8)	---
Licensing fees	---	10,000
Interest income	1,370	4,483
Consulting fees	---	2,000
Other	21	26,401
	118,435	42,884
Costs and expenses:		
Cost of sales:		
Food products	107,599	---
Drug products	---	---
General and administrative	154,743	144,787
Research and development	4,302	4,681
	266,644	149,468
Income (loss) before income taxes	(148,209)	(106,584)
Income taxes (benefits)	---	---
Net income (loss)	$ (148,209)	$ (106,584)
Net loss per common share (note 3)	$ (.01)	$ (.01)
Shares outstanding	11,205,000	11,205,000

The accompanying notes are an integral part of these financial statements.

VEREX LABORATORIES, INC. and Subsidiary
(A Development Stage Enterprise)
Consolidated Statements of Cash Flows
(Unaudited)

	For the Nine Months Ended March 31, 1992	For the Nine Months Ended March 31, 1991
Operations:		
Net income (loss) (note 3)	$ (394,210)	$ (151,322)
Adjustments needed to reconcile to net cash provided by operations:		
Depreciation & amortization	37,723	35,105
Additions to patents	(300)	(6,818)
Gain on disposal of investments & vehicle	(1,249)	(58,373)
Increase in long-term accrued salaries and benefits payable	130,499	123,000
Change in current assets and liabilities:		
Decrease (increase) in current receivables	(54,750)	78,022
Increase in inventory	(16,233)	---
Decrease (increase) in other current assets	(6,250)	(1,761)
Increase (decrease) in accounts payable	(11,295)	(24,020)
Net cash flow provided (used) in operations	$ (316,065)	$ (6,167)
Investing Activities:		
Purchase of Colorado Nut Company, Inc.	24,000	---
Less cash acquired with purchase	(2,102)	---
Net cash used in purchase of Colorado Nut Company, Inc.	(21,898)	---
Capital expenditures	(414)	(31,442)
Proceeds from sales of marketable securities	---	127,997
Investment in marketable securities	---	(66,354)
Net cash provided (used) in investing activities	(22,312)	30,201
Financing Activities:		
Repayment of notes payable	(9,987)	---
Increase in cash and cash equivalents	(348,364)	24,034
Beginning cash & cash equivalents	432,404	312,461
Ending cash and cash equivalents	$ 84,040	$ 336,495
Non-Cash Activities:		
Acquisition of Colorado Nut Company, Inc.		
Working capital other than cash	$ (69,705)	$ ---
Equipment and leasehold improvements	3,660	---
Intangibles and other assets	13,069	---
Excess of liabilities over assets at date of acquisition	(52,976)	---
Trade-In of Vehicle:		
Portion of trade-in value applied to reduction of future lease payments of new leased vehicle	$ 1,249	---

The accompanying notes are an integral part of these financial statements.

VEREX LABORATORIES, INC. and Subsidiary
(A Development Stage Enterprises)
Consolidated Notes to Financial Statements
(Unaudited)

---

1. Financial Statements

These unaudited financial statements should be read in conjunction with the Company's financial statements as of June 30, 1991, included in the Annual Report to shareholders. In the opinion of the Company, the accompanying consolidated financial statements contain all adjustments (consisting of normal recurring items) necessary to present fairly the consolidated financial position and results of operations for the periods presented. The results of operations for the nine-month period ended March 31, 1992, are not necessarily indicative of the results to be expected for the full year. The Company's consolidated financial statements include the accounts of its wholly-owned subsidiary, Colorado Nut Company (formerly Half-Cracked Nut Company).

2. Commitments

Office Lease:
The Company is obligated under an office lease commencing October 1, 1991 and ending on September 30, 1992, to pay $3,856.13 in monthly installments.

3. Net Loss Per Common Share

Net loss per common share for the nine-month periods ended March 31, 1992 and March 31, 1991 has been computed on the basis of the number of common shares outstanding for each of the periods of 11,205,000.

4. On October 3, 1991, the Company acquired the Colorado Nut Company for $24,000. For the six months ended March 31, 1992, the Colorado N Company accounted for 95% of total revenues for the period.

Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations Financial Condition

During the first nine-months of fiscal year 1992, current assets decreased by $241,002 to $207,131, which was due to the net loss for the period of $394,210.

Operations

Revenues from product sales, consulting, contract projects and licensing for the nine-month period ending March 31, 1992, were $289,013 as compared to $275,000 for a similar period in 1991. Revenues from food product sales during the quarter ended March 31, 1992 amounted to $117,052, compared to no food product sales during the corresponding quarter in 1991. Interest income decreased $5,664 for the nine-months ended March 31, 1992, compared to the same period a year ago.

The Company showed a net loss of $394,210 for the first nine-months of fiscal year 1992. This loss resulted primarily from a decrease in revenues and increased expenses.

It is managements decision, (should the Company find it is unable to function due to lack of cash resources), that the operational overhead will be curtailed by relocating to smaller offices. Additionally, the cash reserves will be enhanced by selling redundant equipment and fixed assets. In addition to these cost cutting measures, management is vigorously pursuing outstanding amounts owed under existing contracts with licensees, as well as negotiating new licenses and/or research agreements.

The Company continues to seek industry partners, both U.S. and international, for licensing agreements for the Company's research products. In addition, the Company continues to seek opportunities to perform research with respect to drug formulations on a contract basis.

In an attempt to generate sales the Company recently acquired a local company involved in the sale of snack items to retailers in the Denver Metro Area. The company, Colorado Nut Company, assembles and sells snack food items. Such sales are seasonal in nature, occurring mainly during holiday seasons. The accounts receivable may appear to be high, but after the quarter ended most have been paid in full.

Liquidity and Capital Resources

The Company presently has sufficient cash reserves to pay for the Company's continued operation through fiscal year 1992.

There are no planned expenditures outside of the normal operating costs of the Company which will cause the Company to make any extraordinary plans for handling any cash requirements within the foreseeable future.

The Company has recently taken steps to increase revenues through the sale of snack items as indicated above and continues to attempt to reduce its operating expenses in order to conserve capital.

PART II

Item 6
Exhibits and Reports on Form 8K

(a) Exhibit 3.1 restated articles of incorporation*
Exhibit 3.2 restated by-laws*

* Incorporated by reference to SEC file # 2-82403-D filed September 30, 1983.

(b) No reports on Form 8K were filed by registrant during the quarter ended March 31, 1992.

SIGNATURE PAGE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant had duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

VEREX LABORATORIES, INC.

James M. Dunn MD

James M. Dunn, M.D.
President, Chief Executive Officer
and Chief Financial Officer

May 13, 1992

Date

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

✓ QUARTERLY REPORT UNDER SECTION 13 OR 15 (D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992.

OR

____ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________ to ________.

Commission file number 0-15113

VERITEC INC.
(Exact name of restraint as specified in its charter)

NEVADA.
(State or other jurisdiction of incorporation)

95-3954373.
(IRS Employer Identification No.)

21345 Lassen Street, Chatsworth, California 91311
(Address of principal executive offices, zip code)

(818) 407-8765.
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days Yes __✓__, No ______.

APPLICABLE ONLY TO CORPORATE ISSUERS: Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date 18,434,679.

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VERITEC, INC.
(A DEVELOPMENT STAGE ENTERPRISE)

BALANCE SHEETS

		(unaudited) MARCH 31, 1992	JUNE 30, 1991
ASSETS			
Current assets:			
Cash	$	18,889	26,708
Inventory		9,033	-
Accounts Receivable		-	30,927
Prepaid expenses and other current assets		14,891	2,730
Total current assets		42,813	60,365
Property and equipment, at cost:			
Equipment		186,612	154,727
Furniture and fixtures		57,634	57,005
Leasehold Improvements		12,985	-
		257,231	211,732
Less accumulated depreciation		187,143	183,376
		70,088	28,356
		112,901	88,721
Liabilities and Shareholders' Equity (Deficiency)			
Current liabilities:			
Notes payable	$	47,500	37,500
Accounts payable		181,101	213,477
Accrued expenses		81,531	28,295
Accrued Interest		103,229	59,665
Deferred compensation		121,893	175,722
Total current liabilities		535,254	514,659
Convertible Subordinated Notes payable		770,000	350,000
Shareholder' equity (deficiency) :			
Preferred stock, $1 par value, None issued.			
Common stock, $.01 par value. Authorized 20,000,000 shares; issued 16,510,550 shares at March 31, 1991 and 15,798,550 at June 30, 1990, respectively		169,332	152,920
Additional paid-in capital		3,161,760	3,004,341
Deficit accumulated in the development stage		(4,523,445)	(3,933,199)
Net shareholders' deficiency		(1,192,353)	(775,938)
	$	112,901	88,721

VERITEC, INC.
(A DEVELOPMENT STAGE ENTERPRISE)

STATEMENTS OF REVENUES AND EXPENSES

(Unaudited)

	THREE MONTHS ENDED MARCH 31,		NINE MONTHS ENDED MARCH 31,	
	1992	1991	1992	1991
Revenue $	-	7,384	4,850	116,098
Cost of Revenue	-	3,642	485	3,642
Gross Profit	-	3,742	4,365	112,456
Expenses:				
Research and development	30,921	62,656	80,707	127,393
Marketing and advertising	67,745	16,669	169,317	50,746
General and administrative	118,071	84,363	296,473	245,179
Other expense (income)	19,374	19,625	48,114	38,145
Total costs and expenses	236,111	183,313	594,611	461,463
Net loss	236,111	179,571	590,246	349,007
Net loss per common share	(.01)	(.01)	(.03)	(.02)
Weighted average number of common shares outstanding	16,943,506	16,016,105	16,852,869	15,870,010

See accompanying notes to financial statements.

VERITEC, INC.
(A DEVELOPMENT STAGE ENTERPRISE)

STATEMENTS OF CASH FLOWS
INCREASE (DECREASE) IN CASH
(Unaudited)

	THREE MONTHS ENDED MARCH 31,		NINE MONTHS ENDED MARCH 31,	
	1992	1991	1992	1991
Cash flows from operating activities:				
Net loss	$ (236,111)	(179,571)	(590,246)	(349,007)
Adjustments to reconcile net loss to net cash used by operating activities;				
Depreciation and amortization of property and equipment	2,812	6,724	9,661	24,224
Common stock issued for noncash consideration	159,455	65,900	173,831	65,900
Decrease (increase) in prepaid expenses and other current assets	(17,181)	(11,999)	9,733	(30,668)
Increase (decrease) in accounts payable and accrued expenses	30,560	39,313	64,424	57,352
Increase (decrease) in deferred compensation	(103,000)	47,744	(53,829)	60,417
Increase (decrease) in deferred revenue	-	-	-	(83,714)
Total adjustments	72,646	147,682	203,820	93,511
Net cash used by operating activities	(163,465)	(31,889)	(386,426)	(255,496)
Net cash used by investing activities:				
Purchase of property and equipment	(40,367)	(8,520)	(51,393)	(14,525)

VERITEC, INC.
(A DEVELOPMENT STAGE ENTERPRISE)

STATEMENTS OF CASH FLOWS

INCREASE (DECREASE) IN CASH
(Unaudited)

		THREE MONTHS ENDED MARCH 31,		NINE MONTHS ENDED MARCH 31,	
		1992	1991	1992	1991
Cash flows from operating activities;					
Proceeds from issuance of notes payable		210,000	32,500	430,000	230,000
Net cash provided by financing activities		210,000	32,500	430,000	230,000
Net increase (decrease) in cash		6,168	(7,909)	(7,819)	(40,021)
Cash at beginning of period		12,721	10,961	26,708	43,073
Cash at end of period	$	18,889	3,052	18,889	3,052
Supplemental disclosure of cash flow information					
Cash paid during the period for:					
Interest	$	-	110	-	3,055

VERITEC INC.
(A Development Stage Enterprise)

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

NOTE A - The accompanying unaudited financial statements contain, in the opinion of management, all adjustments which are necessary for a fair presentation of financial position as of March 31, 1992 and the results of operations for the three months ended March 31, 1992 and 1991.

NOTE B - The results of operations for the three months ended March 31, 1992 are not necessarily indicative of the results to be expected for the full year.

NOTE C - Earnings (loss) per share is based upon the weighted average number of shares of common stock outstanding.

VERITEC, INC.
(A DEVELOPMENT STAGE ENTERPRISE)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the Company's financial statements and the notes related thereto presented elsewhere herein. The discussion of results, causes and trends should not be construed to imply any conclusion that such results, causes or trends will necessarily continue.

The Company had no revenue in the three months ended March 31, 1992. There is sales activity with several potential customers but no orders in hand at May 14, 1992.

The decrease in Research and Development expenses for the quarter ended March 31, 1992 from the quarter ended March 31, 1991 is primarily attributable to the one time cost of software programming to accommodate the tie-in between Veritec's and potential customer equipment.

Increases in general and administrative and marketing costs are due to an increase in potential customer requests for information, applying the Vericode Symbol on their products, and consultant costs associated with these activities.

The Company is currently attempting to raise additional capital through a private placement of up to $1,200,000 principal amount of 10% convertible subordinated debentures. The Company, as of May 14, 1992, has received $970,000. There is no guarantee that additional amounts will be received from the Private Placement. Additional funds will be required by the Company from sale of products, borrowing, placement of the convertible debentures, private investment in the company, and license or joint venture agreements in order to continue operations.

VERITEC, INC.
(A Development Stage Enterprise)

PART II - OTHER INFORMATION

Item 1 - 5

Not applicable

Item 6

Exhibits and reports on Form 8-K

(a) Exhibits - none.

(b) Reports - none.

VERITEC, INC.
(A DEVELOPMENT STAGE ENTERPRISE)

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

VERITEC, INC.
(Registrant)

Date: May 14, 1992. By: Jack E. Dahl
Jack E. Dahl,
Chief Accounting Officer

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SECURITIES AND EXCHANGE COMMISSION

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Washington, D. C. 20549

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SECTION

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15 (d)
of the Securities Exchange Act of 1934

For the Quarter ended March 31, 1992
Commission File Number 33-15049-S

WG2-2259

WASHINGTON COMMERCIAL BANCORP

Washington 91-1393484

15801 NE 85th
Redmond, Washington 98052

(206) 881-8111

Securities Registered Pursuant to Section 12(g) of the ACT:

Common Stock (No Par Value)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No___

The issuer has one class of common stock (no par value) with 100,000 shares outstanding as of March 31, 1992.

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WASHINGTON COMMERCIAL BANCORP

Index to Quarterly Report of Form 10-Q

March 31, 1992

Page

PART I - Financial Information

Item 1. Financial Statements.

Consolidated Balance Sheet - March 31, 1992 and Year End 1991. 1

Consolidated Statement of Income - Three Months Ended March 31, 1992 and 1991. 2

Consolidated Statement of Cash Flows - Three Months Ended March 31, 1992 and 1991. 3

Notes 4

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation. 4-5

PART II - Other Information

Item 1. Legal Proceedings. 6

Item 4. Submission of Matters to a vote of Security Holders. 6

Item 6. Exhibits and Reports on Form 8-K. 6

Signature 7

WASHINGTON COMMERCIAL BANCORP

CONSOLIDATED BALANCE SHEET (Note 1)
(Unaudited)

	March 31, 1992	December 31, 1991
ASSETS		
Cash and Balances Due from Depository Institutions	$ 1,213,787	$ 2,119,618
Interest Bearing Deposits other Banks	295,000	295,000
Securities	724,722	675,978
Federal Funds Sold	1,375,000	1,300,000
Loans		
Loans Net of Unearned Income	10,314,958	10,039,194
Less: Allowance for Loan Losses	(105,293)	(90,000)
Net Loans	10,209,665	9,949,194
Premises & Fixed Assets, Net	2,095,401	2,096,807
Accrued Interest Receivable	62,270	59,403
Organization Costs	27,453	31,789
Other Assets	32,853	12,242
TOTAL ASSETS	$ 16,036,151	$ 16,540,031
LIABILITIES		
Deposits:		
Non-Interest Bearing	$ 2,849,253	$ 3,585,616
Interest Bearing	10,479,267	10,267,967
Total Deposits	13,328,520	13,853,583
Federal Funds Purchased	-0-	-0-
Mortgage Indebtedness	326,120	330,376
Accrued Interest Payable	25,234	28,415
Other Liabilities	9,540	1,934
TOTAL LIABILITIES	$ 13,689,414	$14,214,308
EQUITY CAPITAL		
Common Stock	$ 2,500,000	$ 2,500,000
Retained Earnings	(153,263)	(174,277)
TOTAL EQUITY CAPITAL	$ 2,346,737	$ 2,325,723
TOTAL LIABILITIES & EQUITY CAPITAL	$ 16,036,151	$ 16,540,031

The accompanying notes are an integral part of these financial statements.

WASHINGTON COMMERCIAL BANCORP AND SUBSIDIARY

CONSOLIDATED STATEMENT OF INCOME (Note 1)
(Unaudited)

INCOME	THREE MONTHS ENDED March 31, 1992	THREE MONTHS ENDED March 31, 1991
Interest Income:		
Interest & Fees on Loans	$ 287,358	$ 250,949
Interest on Investments	20,554	49,668
Total Interest Income	307,912	300,617
Interest Expense:		
Interest on Deposits	92,241	136,245
Interest on Notes & Other Indebtedness	8,488	8,204
Total Interest Expense	100,729	144,449
Net Interest Income	207,183	156,168
Provision for Loan Losses	15,000	7,500
Non-Interest Income:		
Service Charges on Deposit Accounts	16,976	13,631
Other Noninterest Income	28,546	22,414
Total Noninterest Income	45,522	36,045
Gains on Securities	- -	- -
Noninterest Expense:		
Salaries and Employee Benefits	93,434	90,111
Occupancy Expenses	22,419	37,502
Other Noninterest Expense	100,838	82,532
Total Noninterest Expense	216,691	210,145
Income before Taxes	21,014	(25,432)
Applicable Income Taxes	- -	- -
NET INCOME	21,014	(25,432)
AVERAGE NUMBER OF SHARES OUTSTANDING FOR THE PERIOD	100,000	100,000
PER SHARE OF COMMON STOCK	$0.21	($0.25)

The accompanying notes are an integral part of these financial statements.

WASHINGTON COMMERCIAL BANCORP AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

	THREE MONTHS ENDED March 31, 1992	THREE MONTHS ENDED March 31, 1991
OPERATING ACTIVITIES		
Net income (loss)	$ 21,014	$ (25,432)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Provision for loan losses	15,000	7,500
Depreciation and amortization	26,230	25,453
Increase in interest receivable	(2,867)	(859)
Increase in interest payable	(3,181)	28,181
Other	(13,005)	2,049
Net cash provided by (used in) operating activities	43,191	36,892
INVESTING ACTIVITIES		
Net increase in interest bearing deposits in banks	-0-	(200,000)
Net decrease (increase) in Federal funds sold	(75,000)	(2,725,000)
Purchases of investment securities	(148,738)	-0-
Proceeds from maturities in investment securities	99,994	98,630
Net increase in loans	(275,471)	(1,429,653)
Additions to premises and equipment	(20,488)	(14,967)
Net cash used in investing activities	(419,703)	(4,270,990)
FINANCING ACTIVITIES		
Net increase (decrease) in deposits	(525,063)	3,917,785
Increase in other borrowing	-0-	(225,000)
Principal payments on mortgage indebtedness	(4,256)	(3,979)
Proceeds from sale of common stock	-0-	-0-
Net cash provided by financing activities	(529,319)	3,688,806
Net change in cash and due from banks	(905,831)	(545,292)
CASH AND DUE FROM BANKS		
Beginning of quarter	2,119,618	1,624,877
End of quarter	1,213,787	1,079,585

The accompanying notes are an integral part of these financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information, and with instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included and represent solely normally recurring accruals. Operating results for the three months ended March 31, 1992 are not necessarily indicative of the results that may be expected for year-end December 31, 1992. For further information, refer to the consolidated financial statements and footnotes included in the Corporation Annual Report on Form 10-K for the year ended December 31, 1991.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

HIGHLIGHTS

The consolidated net profit of $21,014 for the three month period ended March 31, 1992, compares favorably to the loss of $ 25,432 experienced during the same period in 1991.

Total assets at March 31, 1992 were $ 16,036,151 which represents a slight decrease from December 31, 1991. Investments in Securities and interest bearing deposits in other banks increased by $ 48,744 while Federal Funds Sold increased $ 75,000 as Loans net of reserves of $105,293 increased $ 260,471. The decreased deposits consists of a decrease in non-interest bearing deposits of $ 736,363 and an increase of $ 211,300 in interest-bearing deposits.

NET INTEREST INCOME

Net interest income was $ 207,183 for the period ended March 31, 1992. The company utilizes a monitoring system to determine the applicability of FASB 91 with respect to the treatment of loan fee income. The bulk of the bank's loans bear variable rates of interest and are subject to repricing the first of each month following any change in the index.

Total interest expense was $ 100,729 during the three months ended March 31, 1992 which is reflective of the favorable mix of deposits that the bank enjoys.

NON INTEREST INCOME AND EXPENSE

Non interest income totaled $ 45,522 during the three months ended March 31, 1992, while non interest expense totaled $ 216,691. The provision for loan loss reserve for the period was $ 15,000. The loan loss reserve at March 31, 1992 was at $105,293 or 1.02% of gross loans outstanding.

LIQUIDITY

The company remains consistent in its pursuit of earnings and the maintenance of financial flexibility sufficient to meet loan demand, deposit withdrawals and other liabilities as they become due. These obligations can be met from either the asset or liability side of the balance sheet. Asset liquidity sources are comprised of loan maturities and the sale of, or maturity of, investment securities. Liability liquidity is the acquisition of deposit balance to replace those maturing.

CAPITAL

The ratio of equity to risk-weighted assets is one of the primary measurements utilized by various regulatory agencies to provide an indication of an institution's ability to withstand unexpected financial occurrences. The minimum ratio required by the regulatory agencies for the equity to risk-weighted asset ratio for the Corporation is 7.5% That ratio is scheduled to increase to 8.00% at December 31, 1992.

The actual ratio of equity to risk-weighted assets for the Bank was 20.37% at March 31, 1992 as compared to 20.86% at December 31, 1991.

Banking regulations also require that banks maintain a minimum ratio of core capital to total assets (the "Leverage Ration") of 3%. There are no scheduled increases known at this time for this Leverage Ratio.

The Bank's leverage ratio at March 31, 1992 was 15.09%.

Shareholders' equity (including the loan reserve) was $ 2,452,030 at March 31, 1992. This amount compares to $ 2,415,723 at December 31, 1991. The ratio of equity to assets at March 31, 1992 was 14.6%.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

No material legal proceedings.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to the shareholders during the first quarter.

Item 6. Exhibits and Reports on Form 8-K

(a) None

(b) No reports on Form 8-K have been filed for three months ended March 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WASHINGTON COMMERCIAL BANCORP

Date: May 13, 1992

Keith L. Galpin
President & Chief Executive Officer

Date: May 13, 1992

Beverly A. Galpin
Vice President & Chief Financial Officer
Principal Accounting Officer